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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF CONTRA COSTA

FLORA MAE BROWNER, PLAINTIFF, VS. R.J. REYNOLDS TOBACCO COMPANY, DEFENDANT.	NO. 86692A

DEPOSITION OF LAWRENCE W. HALL, JR.

JUNE 16, 1984

Reported by CARLA VALLEAU, CSR NO. 3630

Sandra K. Wilcox & Associates

INCORPORATED

CERTIFIED SHORTHAND REPORTERS

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DEPOSITION OF LAWRENCE W. HALL, JR.,
A WITNESS, TAKEN ON BEHALF OF PLAINTIFF
AT 700 SOUTH FLOWER STREET, 31ST FLOOR,
LOS ANGELES, CALIFORNIA 90017,
COMMENCING AT 8:35 A.M., SATURDAY,
JUNE 16, 1984, BEFORE CARLA VALLEAU,
CSR NO. 3630, A NOTARY PUBLIC, PURSUANT
TO NOTICE OF TAKING DEPOSITION.

* * *

APPEARANCES OF COUNSEL:

FOR PLAINTIFF:	GEORGE KILBOURNE 1304 WILLOW STREET MARTINEZ, CALIFORNIA 94553
FOR DEFENDANT:	LAWLER, FELIX & HALL BY: F. JOHN NYHAN AND THOMAS E. WORKMAN, JR. 700 SOUTH FLOWER STREET 31ST FLOOR LOS ANGELES, CALIFORNIA 90017
ALSO PRESENT:	MAX H. CROHN, JR., P.A.

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LAWRENCE W. HALL, JR.,
THE WITNESS HEREIN, HAVING BEEN FIRST DULY SWORN, DEPOSED AND TESTIFIED AS FOLLOWS:

EXAMINATION

BY MR. KILBOURNE:

Q WOULD YOU STATE YOUR NAME, PLEASE.

A LAWRENCE W. HALL, JUNIOR.

Q YOU ARE PRESENTLY EMPLOYED, SIR?

A PRESENTLY EMPLOYED WITH R.J. REYNOLDS TOBACCO COMPANY.

Q IS THAT THE SPECIFIC ENTITY THAT WRITES YOUR PAYCHECK?

A YES.

Q HOW LONG HAVE YOU BEEN EMPLOYED BY R.J. REYNOLDS?

A ALMOST 16 YEARS.

Q ALWAYS WITH THE SAME ENTITY?

A NO.

Q COULD YOU RECITE FOR ME BRIEFLY YOUR WORK HISTORY WITH THE R.J. REYNOLDS COMPLEX AND IDENTIFY WHICH COMPANY IT WAS FOR.

A I JOINED THE COMPANY IN JULY OF 1968. THIS WAS WITH THE COMPANY I AM PRESENTLY EMPLOYED, R.J. REYNOLDS TOBACCO COMPANY. I JOINED IN THE SALES DEPARTMENT AS A SALES REPRESENTATIVE. I WAS IN THE SALES DEPARTMENT UNTIL OCTOBER OF THAT YEAR. AND IN OCTOBER I JOINED THE MARKETING RESEARCH DEPARTMENT. AND I WAS IN THE MARKETING RESEARCH DEPARTMENT

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UNTIL JANUARY OF 1977, I BELIEVE. AT THAT TIME I WAS OFFERED A PROMOTION TO ANOTHER COMPANY, R.J. REYNOLDS TOBACCO INTERNATIONAL. I WAS MANAGER OF MARKETING RESEARCH FOR THAT COMPANY AND I WAS MANAGER OF MARKETING RESEARCH UNTIL SEPTEMBER OF 1979, AND THEN I WAS MADE MARKETING DIRECTOR. I WAS IN THAT POSITION FOR ONE YEAR. IN SEPTEMBER OF 1980 I WAS OFFERED A PROMOTION TO R.J. REYNOLDS TOBACCO COMPANY AS DIRECTOR OF MARKETING DEVELOPMENT. I WAS IN THAT POSITION FOR ONE YEAR, SEPTEMBER 1980 UNTIL OCTOBER OF 1981. AND AT THAT TIME I WAS PROMOTED TO VICE-PRESIDENT OF BRAND MARKETING, AND I WAS IN THAT POSITION FOR ONE YEAR. AND AT THAT TIME I WAS MADE VICE-PRESIDENT OF THE MARKETING DEVELOPMENT, WHICH IS THE JOB I HOLD TODAY. I THINK I GOT ALL THAT.

Q AS VICE-PRESIDENT OF MARKETING DEVELOPMENT, CAN YOU JUST OUTLINE GENERALLY YOUR PRESENT DUTIES?

A I AM RESPONSIBLE FOR CONDUCTING ALL THE COMPANY'S MARKETING RESEARCH ACTIVITIES.

Q WHAT DO YOU MEAN BY MARKETING RESEARCH ACTIVITIES?

A THIS WOULD INCLUDE SUCH THINGS AS PRODUCT TESTING, ADVERTISING RESEARCH, PROMOTION RESEARCH, SALES FORECASTING, BUSINESS ANALYSIS. THAT COVERS ABOUT EVERYTHING.

Q CAN YOU GIVE US THE GENERAL BACKGROUND OF YOUR EDUCATIONAL BACKGROUND.

A I RECEIVED A BACHELOR OF SCIENCE DEGREE IN BUSINESS ADMINISTRATION FROM WEST VIRGINIA UNIVERSITY, MORGANTOWN, WEST VIRGINIA, IN 1963. I HAVE NO ADVANCED DEGREES.

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Q WHAT DID YOU DO BETWEEN 1963 AND 1968?

A I WAS IN THE AIR FORCE.

Q WHEN YOU REFER TO PRODUCT TESTING AS ONE OF YOUR PRESENT DUTIES, WHAT DOES THAT ENCOMPASS? OTHER THAN SMOKING A CIGARETTE?

A WELL, IT MEANS TESTING PRODUCTS THAT HAVE BEEN DEVELOPED BY THE R&D DEPARTMENT AGAINST COMPETITIVE PRODUCTS TO HELP INSURE THAT WE HAVE SUPERIOR PRODUCTS.

Q TESTING BY TEST MARKETING OR BY SOME SCIENTIFIC ANALYSIS, OR WHAT?

A NOT REFERRING TO TEST MARKETING. I AM REFERRING TO GIVING SMOKERS UNIDENTIFIED PRODUCT TO SMOKE AND ASKING THEM TO RATE THAT PRODUCT, AND ALSO GIVING THEM AN UNIDENTIFIED COMPETITIVE PRODUCT AND ASKING THEM TO RATE THAT PRODUCT AND COMPARING THE RESULTS.

Q IS THIS CONDUCTED OUTSIDE THE COMPANY IN DIFFERENT AREAS WHERE YOU CONTACT THE GENERAL PUBLIC?

A YES.

Q SO THAT WHEN I SEE PEOPLE IN MY OWN AREA IN THE SHOPPING MALL APPROACHING PEOPLE ASKING QUESTIONS, THAT TYPE OF THING, YOU MEAN?

A NO, WE DON'T DO -- WE DO MOST OF OUR PRODUCT TESTING ON PANELS.

Q THE NEXT THING YOU REFERRED TO IS ADVERTISING RESEARCH. WHAT DOES THAT CONSIST OF?

A IT CONSISTS OF EXPOSING CONSUMERS TO VARIOUS CIGARETTE ADS AND ASKING THEM TO PLAY BACK WHAT THE AD IS

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COMMUNICATING TO THEM, AND ALSO PLACING ADS IN MAGAZINES AND CALLING PEOPLE BACK THE NEXT DAY AND ASKING IF THEY REMEMBER SEEING THE AD. IF SO, WHAT DID THE AD -- WHAT THEY REMEMBERED ABOUT THE AD AND SO FORTH.

Q WHAT KINDS OF PEOPLE DO YOU HAVE WHO DO THE ACTUAL ANALYSIS OF THE RESPONSES TO THAT TYPE OF RESEARCH?

A WHAT DO YOU MEAN, WHAT TYPES OF PEOPLE?

Q ARE YOU A PSYCHOLOGIST? DO YOU USE SCIENTISTS, ENGINEERS, PSYCHOLOGISTS?

A WE USE MARKETING RESEARCH. analysts.

Q WHAT KIND OF BACKGROUND DO THEY HAVE FOR MARKETING RESEARCH?

A MOST OF THEM HAVE M.B.A.'S.

Q THEY ARE BUS-AD TYPES?

A YES.

Q AND DO YOU HAVE A PROTOCOL THAT YOU FOLLOW IN DOING THIS KIND OF TESTING?

A YES.

Q IS THAT WRITTEN DOWN IN SOME FASHION TO DEFINE WHAT SPECIFICALLY IS DONE IN DOING THAT?

A YES.

Q IF WE WANTED TO LOOK AT THAT, HOW WOULD WE GO ABOUT IDENTIFYING IT SO THAT YOU WOULD KNOW WHEN WE ASKED TO SEE IT WHAT IT CONSISTED OF?

A WE HAVE A MARKETING RESEARCH POLICIES AND PROCEDURES MANUAL.

Q IS THIS UNDER YOUR CONTROL SO THAT YOU WOULD BE CONSIDERED TO BE CUSTODIAN OF IT?

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A YES.

Q HOW LONG HAS THIS BEEN IN EXISTENCE?

A I BELIEVE ABOUT FOUR YEARS. actually 3 yrs

Q WAS THERE SOMETHING SIMILAR TO THAT BEFORE THEN THAT WAS USED?

A WE HAD PROCEDURES AND METHODS, BUT WE NEVER WROTE THEM DOWN.

Q WERE THERE --

A CUSTOMARY APPROACHES TO RESEARCH THAT WERE FOLLOWED. WE DID NOT FORMALIZE THAT UNTIL, AS I SAID, I THINK ABOUT FOUR YEARS AGO.

Q WERE THERE LETTERS OR SOME FORM OF COMMUNICATION WHICH WAS DISTRIBUTED WHICH WOULD ENCOMPASS THAT PROTOCOL THAT WAS USED BEFORE YOU HAD THE MARKETING POLICIES AND PROCEDURES MANUAL?

A NOT THAT I CAN RECALL, NO. Thinking in terms of a manual - we do have research proposals for specific projects

Q DID YOU HAVE A NOTEBOOK WHERE YOU KEPT THE FORMAT THAT WAS FOLLOWED IN THAT MARKETING RESEARCH?

A NOT TO MY KNOWLEDGE. I DON'T RECALL ANY SUCH DOCUMENT.

Q DO YOU HAVE A STAFF THAT CONDUCTS THE ADVERTISING RESEARCH?

A YES.

Q AND THIS IS SOMEONE WITHIN YOUR DEPARTMENT THAT HEADS IT UP?

A WE HAVE VARIOUS PEOPLE IN THE DEPARTMENT WORKING ON IT, YES.

Q HOW DO YOU GO ABOUT GETTING A DIRECTION OF

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ADVERTISING OR ADVERTISING POLICY? HOW IS THAT DETERMINED?

A I AM NOT SURE I UNDERSTAND THE QUESTION.

Q MAYBE I DON'T KNOW ENOUGH ABOUT IT TO ASK A QUESTION THAT IS MEANINGFUL. SO I APOLOGIZE. BUT HOPEFULLY YOU CAN HELP ME.

FIRST OF ALL, BEFORE I GO INTO THAT, TO WHOM DO YOU REPORT?

A I REPORT TO MR. G.H. LONG.

Q THE PRESIDENT OF THE TOBACCO COMPANY?

A YES.

Q IS THERE A DIRECTOR THAT IS -- OR IS HE THE ONE AS A DIRECTOR WHO IS RESPONSIBLE FOR YOUR SPECIFIC DEPARTMENT OPERATION?

A HE IS MY BOSS. SO I GUESS HE IS RESPONSIBLE FOR ME.

Q DO YOU HAVE A COMMITTEE THAT ASSISTS YOU IN CARRYING OUT YOUR DUTIES?

A NO.

Q IS THERE AN EXECUTIVE COMMITTEE THAT YOU REPORT TO AT ANY TIME?

A NO. I REPORT TO MR. LONG.

Q YOU REPORT DIRECTLY TO LONG?

A YES.

Q HOW IS THE DETERMINATION MADE WHEN YOU ARE GIVEN A NEW PRODUCT TO WORK ON? IS THIS INITIATED BY A REQUEST BY YOU OR IS IT WHEN IT COMES OUT OF R&D AS A RESULT OF THEIR CONTINUING EXPLORATION OF METHODS AND RESEARCH?

A CAN YOU CLARIFY THE QUESTION?

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Q DO YOU EVER LOOK AT YOUR -- I ASSUME YOU LOOK AT YOUR COMPETITORS' SALES AS AN INDICATION OF HOW YOU ARE DOING FROM TIME TO TIME, DO YOU NOT?

A YES.

Q AS A MATTER OF FACT, YOU PROBABLY KEEP A PRETTY CLOSE WATCH ON YOUR POSITION IN THE FIELD ON PARTICULAR PRODUCTS, DO YOU NOT?

A YES, WE DO.

Q AND YOU ARE PROBABLY ACUTELY AWARE OF IF YOU WOULD SLIDE, SAY, TO SECOND PLACE IN THE SALE OF CIGARETTES AS OPPOSED TO FIRST OR WHATEVER YOUR PRESENT POSITION IS?

A YES, WE ARE.

Q WOULD YOU INITIATE OR WOULD R&D INITIATE AN INQUIRY INTO HOW OR WHY THIS OCCURRED?

MR. NYHAN: EXCUSE ME. LET ME OBJECT TO THE FORM OF THE QUESTION. WHAT ARE YOU DRIVING AT? MARKET SHIFTS?

Q BY MR. KILBOURNE: WELL, JUST -- HOW YOU INITIATE INQUIRIES IN MARKETING. IF THERE IS ANY SET WAY OR IF IT IS JUST DICTATED BY BUSINESS COMPETITION OR JUST WHAT DOES OCCUR.

A IT COULD BE ANY NUMBER OF THINGS. OUR COMPETITIVE POSITION IS SOMETHING WE CLOSELY MONITOR.

Q HAS IT COME TO YOUR ATTENTION THAT SOMETIME IN THE PAST THERE WAS A SHIFT FROM THE USE OF NON-FILTER CIGARETTES TO FILTER CIGARETTES?

A YES.

Q DO YOU KNOW APPROXIMATELY WHEN THE SHIFT OCCURRED SO THAT IT WAS APPARENT TO THE PEOPLE OPERATING THE COMPANY?

A I BELIEVE IT STARTED OCCURRING IN THE EARLY

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FIFTIES.

Q DO YOU KNOW WHY THAT OCCURRED?

A I WAS NOT WITH THE COMPANY THEN, SO -- I DON'T KNOW SPECIFICALLY WHAT HAPPENED BACK IN 1954.

Q WHAT IS YOUR UNDERSTANDING AS TO WHY IT OCCURRED?

A I DON'T REALLY HAVE AN UNDERSTANDING AS TO WHY IT OCCURRED.

Q HAS IT EVER COME TO YOUR ATTENTION THAT AT SOME TIME IN THE FIFTIES THERE WAS PUBLICITY CONCERNING POTENTIAL HEALTH HAZARDS RELATED TO THE USE OF CIGARETTES?

A YES.

Q HAS IT EVER COME TO YOUR ATTENTION THAT THIS HAS BEEN GIVEN AS AN EXPLANATION AS TO WHY THERE WAS A SHIFT FROM NON-FILTER TO FILTER CIGARETTES THAT OCCURRED AT THAT TIME?

MR. NYHAN: WOULD YOU READ THAT BACK, PLEASE.

(RECORD READ.)

MR. NYHAN: ARE YOU ASKING HIM TO ASSUME THAT THAT IS THE REASON?

MR. KILBOURNE: NO, I AM ASKING HIM TO -- WHETHER OR NOT IT EVER CAME TO HIS ATTENTION THAT THAT WAS GIVEN AS AN EXPLANATION.

MR. NYHAN: GIVEN BY WHOM, I GUESS IS THE OBVIOUS PROBLEM.

MR. KILBOURNE: ANYONE.

THE WITNESS: I REALLY DON'T KNOW.

Q BY MR. KILBOURNE: SINCE YOU HAVE BEEN IN MARKETING RESEARCH DO YOU HAVE A FEEL AT THIS TIME AS TO THE COMPARATIVE USE OF FILTER AS OPPOSED TO NON-FILTER CIGARETTES?

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A WHAT DO YOU MEAN BY THE COMPARATIVE USE? ARE THERE MORE FILTER CIGARETTES SOLD NOW THAN THERE ARE NON-FILTER?

A YES.

Q HAS THIS ALWAYS BEEN THE CASE?

A NO.

Q DOES THE RATIO STAY CONSTANT?

A NO.

Q WHAT IS YOUR UNDERSTANDING AS TO WHAT FACTORS AFFECT THE RATIO BETWEEN THE TWO?

MR. NYHAN: AT WHAT POINT IN TIME?

MR. KILBOURNE: AT ANY TIME. I WANT HIM TO RECITE WHAT FACTORS IN HIS UNDERSTANDING ARE INVOLVED IN THE PROCESS IN THE COMPARATIVE USE OF THE TWO.

THE WITNESS: NON-FILTER CIGARETTES HAVE BEEN DECLINING SINCE LONG BEFORE I CAME TO THE COMPANY. I AM NOT AWARE OF ANY STUDIES WE HAVE DONE TO TRY TO EXPLAIN THAT. IT IS A FACT OF LIFE. SOMETHING THAT WE KNOW IS HAPPENING. I AM NOT AWARE OF ANY STUDIES WE HAVE DONE TO TRY TO FIGURE OUT WHY.

Q BY MR. KILBOURNE: ARE YOU AWARE OF ANY REASONS WHICH WERE PUT FORTH EITHER INSIDE OR OUTSIDE THE COMPANY AS TO WHY THE SHIFT HAS OCCURRED?

A NO, I AM NOT. I DON'T RECALL ANY.

Q HAS IT EVER COME TO YOUR ATTENTION THAT -- I AM SPEAKING NOW IN YOUR POSITION AS THE HEAD OF MARKETING RESEARCH, THAT THERE IS ANY CONCERN ON THE PART OF THE USERS OF CIGARETTES THAT THERE HAS BEEN ALLEGED TO BE A HEALTH HAZARD IN CONNECTION WITH THE USE OF CIGARETTES?

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A THAT IS SOMETHING THAT EVERYBODY KNOWS.

Q WELL, IF I ASK YOU, THEN, WHEN THIS FIRST CAME TO YOUR ATTENTION THAT THERE WAS SOME PROBLEM OR ALLEGED PROBLEM CONCERNING HEALTH HAZARDS IN THE USE OF CIGARETTES --

A THAT IS SOMETHING I HAVE HEARD EVER SINCE I WAS A KID.

Q DO YOU SMOKE YOURSELF?

A YES.

Q YOU WERE NOT WITH THE COMPANY WHEN THEY STARTED PUTTING THE LABELS ON THE PACKAGES, WERE YOU?

A NO, I WAS NOT.

Q HAS THERE BEEN ANY CHANGE IN THE LAST YEAR WITH RESPECT TO CONTENTS OF THAT LABEL, DO YOU KNOW?

A IN THE LAST YEAR?

Q YES.

A NO.

Q HAVE THERE BEEN ANY THINGS WHICH HAVE OCCURRED WITHIN THE PAST YEAR WHICH WILL INDICATE THAT THERE WILL BE A CHANGE IN THE NEAR FUTURE IN THE CONTENTS OF THAT LABEL?

A I BELIEVE THERE IS A DISCUSSION GOING ON IN CONGRESS RIGHT NOW ON THAT SUBJECT.

Q DO YOU KNOW WHETHER OR NOT THERE HAS BEEN ANY AGREEMENT REACHED IN THAT REGARD?

A NOT TO MY KNOWLEDGE.

Q HAVE YOU HAD AN OPPORTUNITY TO DISCUSS THE ALLEGATIONS OF HEALTH HAZARDS WHICH ARE MADE BY CRITICS OF THE USE OF CIGARETTES WITH ANYONE IN THE COMPANY?

MR. NYHAN: YOUR QUESTION MEANT TO INCLUDE COUNSEL

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REPRESENTING THE COMPANY?

MR. KILBOURNE: I AM NOT ASKING THE CONTENT OF THAT. BUT I WOULD BE INTERESTED IN THAT, TOO, WHETHER OR NOT SUCH DISCUSSIONS HAVE TAKEN PLACE. I AM OBVIOUSLY NOT ENTITLED TO GO INTO THE CONTENT. BUT I THINK I AM ENTITLED TO WHETHER OR NOT SUCH DISCUSSIONS HAVE TAKEN PLACE.

MR. NYHAN: WOULD YOU REPEAT THE QUESTION.

(RECORD READ.)

THE WITNESS: YES.

Q BY MR. KILBOURNE: WITH WHOM HAVE YOU DISCUSSED IT?

A THAT IS A VERY BROAD QUESTION. ALLEGATIONS ABOUT THE HEALTH HAZARDS OF SMOKING ARE SOMETHING THAT GO ON ALL THE TIME. I REALLY DON'T KNOW OR UNDERSTAND THE NATURE OF YOUR QUESTION. IT IS SOMETHING THAT YOU CAN'T AVOID IF YOU ARE IN THIS BUSINESS IN TERMS OF HEARING SOMEBODY TALK ABOUT IT OR READING ABOUT IT IN THE NEWSPAPER. IT IS NOT -- I DON'T UNDERSTAND WHAT YOU ARE DRIVING AT.

Q DON'T TRY TO UNDERSTAND WHAT I AM DRIVING IT AT, JUST TRY TO UNDERSTAND THE QUESTION.

IS THIS MORE OR LESS A DAILY OCCURRENCE, THEN, THAT YOU DISCUSS WITH SOMEBODY IN THE COMPANY ALLEGATIONS OF POTENTIAL HEALTH HAZARDS?

A NOT DAILY, NO.

Q IS THERE ANYONE IN YOUR DEPARTMENT WHO IS CHARGED WITH THE MONITORING OF THE STATUS OF ALLEGATIONS PERTAINING TO HEALTH HAZARDS?

A NO.

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Q IS THERE ANYONE IN THE COMPANY, TO YOUR KNOWLEDGE, WHO IS?

A NOT THAT I KNOW OF.

Q IS THERE ANYONE OUTSIDE THE COMPANY WITH WHOM YOU DISCUSS SUCH MATTERS?

A NO.

Q DO YOU RELY ON ANY INFORMATION FROM OUTSIDE THE COMPANY AS A SOURCE OF INFORMATION PERTAINING TO SUCH MATTERS?

A I READ ABOUT IT IN THE NEWSPAPER.

Q YOU DON'T LOOK AT ANY INFORMATION, THEN, FROM THE COUNCIL FOR TOBACCO RESEARCH OR THE TOBACCO INSTITUTE OR ANY OTHER SUCH ORGANIZATION IN RELIANCE UPON THEIR ACTIVITY AND PROMULGATIONS OR WHATEVER THEY PUT OUT?

A I HAVE SEEN REPORTS IN NEWSLETTERS FROM THE TOBACCO INSTITUTE, REPORTS, BUT -- I THINK WHAT THEY DO IS EXTRACT THINGS FROM NEWSPAPERS AND PUBLISH A NEWSLETTER, AND SOME OF THAT INFORMATION IS CONTAINED IN THERE.

Q IS THAT A REGULAR SERVICE THAT YOU GET FROM THE TOBACCO INSTITUTE?

A THERE IS A BIWEEKLY NEWSLETTER THAT I SEE. I BELIEVE IT IS BIWEEKLY.

Q ARE THOSE ISSUES KEPT SOMEPLACE IN THE OFFICE FOR REFERENCE?

A THEY PROBABLY ARE KEPT SOMEWHERE. I DON'T KNOW EXACTLY WHERE.

Q WHAT IS THAT BIWEEKLY NEWSPAPER CALLED?

A I DON'T REMEMBER WHAT IT IS CALLED.

Q DO YOU KNOW WHO THE REPRESENTATIVE IS, IF THERE

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IS ONE, OF R.J. REYNOLDS TOBACCO COMPANY IN THE TOBACCO INSTITUTE OR TO THEM?

A I BELIEVE IT IS MR. LONG.

Q DO YOU KNOW HOW THE TOBACCO INSTITUTE IS FUNDED?

A SUPPORTED BY THE TOBACCO COMPANIES. BUT BEYOND THAT I REALLY DON'T KNOW ANY SPECIFICS.

Q DO YOU KNOW ANYTHING ABOUT THE ACTUAL MANAGEMENT AND OPERATION OF IT? WHETHER IT IS BY A BOARD, HOW THEY ACTUALLY ARE STRUCTURED?

A NO, I REALLY DON'T KNOW ANYTHING ABOUT HOW THEY OPERATE.

Q WOULD MR. LONG BE THE ONE PROBABLY WHO WOULD BE FAMILIAR WITH THAT?

A I WOULD PRESUME.

Q HOW ABOUT MR. WITT?

A I REALLY DON'T KNOW.

Q NOW, YOU SAID THAT IN YOUR BUSINESS DISCUSSIONS COME UP. I INTERPRET THIS AS A CONTINUAL DISCUSSION OF ALLEGATIONS OF HEALTH HAZARDS. DO CONSIDERATIONS CONCERNING HEALTH COME UP IN DISCUSSIONS OF ADVERTISING PROGRAMS AND CAMPAIGNS?

MR. NYHAN: I AM GOING TO OBJECT TO THE FORM OF THE QUESTION ON THE GROUND THAT IT PURPORTS TO CHARACTERIZE HIS EARLIER ANSWERS. I THINK YOU LUMPED A QUESTION AND A STATEMENT, AND PERHAPS IF YOU JUST PUT THE QUESTION TO HIM AND ADDRESS THAT.

Q BY MR. KILBOURNE: ALL RIGHT. YOU DISCUSS THE ISSUE OF HEALTH HAZARDS WHEN YOU DISCUSS ADVERTISING OR

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ADVERTISING CAMPAIGNS?

A NO.

Q DO YOU EVER DISCUSS WHETHER OR NOT THERE MAY OR MAY NOT BE ADDICTING QUALITIES TO SMOKING IN ADVERTISING?

MR. NYHAN: I AM GOING TO OBJECT TO THE FORM OF THE QUESTION ON THE GROUND THAT IT IS NOT INTELLIGIBLE. YOU ARE REFERRING TO STATEMENTS MADE IN ADS OR CONVERSATIONS AMONG COMPANY EMPLOYEES?

Q BY MR. KILBOURNE: AMONG COMPANY EMPLOYEES. CONSIDERATIONS THAT YOU IN YOUR POSITION IN DOING ADVERTISING RESEARCH WOULD FOLLOW OR CONSIDER IN MAKING AN ADVERTISING CAMPAIGN.

A NO.

Q IN FORMULATING OR PUTTING TOGETHER AN ADVERTISING CAMPAIGN WOULD YOU LOOK AT WHETHER OR NOT SMOKING PRESENTED A POTENTIAL HEALTH HAZARD?

A THE POSITION OF THE COMPANY IS THAT IT HAS NOT BEEN PROVEN THAT SMOKING IS OR IS NOT A HEALTH HAZARD. SO THAT IS NOT SOMETHING WE WOULD TAKE INTO CONSIDERATION IN OUR ADVERTISING. WE DON'T MAKE ANY CLAIMS ABOUT SMOKING -- THAT IT IS NOT HARMFUL OR IS.

Q YOU ARE AWARE, ARE YOU NOT, THAT THERE ARE ORGANIZATIONS WHO HAD BEEN VERY ACTIVE IN LOBBYING WITH RESPECT TO, MOST RECENTLY, THE USE OF CIGARETTE SMOKING ON AIRPLANES? ARE YOU AWARE OF THAT?

A YES.

Q WHAT IF ANYTHING DID THE COMPANY DO WITH RESPECT TO THE FACT THAT THERE WAS RESISTANCE BY THE GENERAL PUBLIC --

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BY MEMBERS OF THE GENERAL PUBLIC, TO SMOKING ON AIRPLANES?

A I DON'T KNOW.

Q THAT DIDN'T ENTER INTO ANY OF YOUR CONSIDERATION IN ADVERTISING OR MARKETING RESEARCH?

A NO, SIR.

Q WHAT IF ANYTHING DID THE COMPANY DO WITH RESPECT TO THE GENERAL RESISTANCE ON THE PART OF MEMBERS OF THE GENERAL PUBLIC TO SMOKING IN RESTAURANTS IN CALIFORNIA WHEN IT WAS ON THE BALLOT HERE?

MR. NYHAN: LET ME OBJECT TO THE FORM OF THE QUESTION ON THE GROUND THAT IT CONTAINS A NUMBER OF ASSUMPTIONS THAT I AM NOT SURE I UNDERSTAND ALL OF THE IMPORT OF THE QUESTION. WOULD YOU READ IT BACK, PLEASE.

(RECORD READ.)

Q BY MR. KILBOURNE: ARE YOU AWARE -- YOU DON'T KNOW?

A THAT IS NOT SOMETHING THAT I GET INVOLVED IN. I AM SORRY. BUT I DON'T KNOW WHAT THE COMPANY MAY OR MAY NOT HAVE DONE.

Q IS THIS SOMETHING THAT WOULD CONCERN YOU IN YOUR CAPACITY AS HEAD OF ADVERTISING RESEARCH AND MARKETING?

A NO.

Q WHAT CONSIDERATION WOULD YOU GIVE TO PUBLIC RESISTANCE TO SMOKING AS IT AFFECTED THE ABILITY TO CONTINUE TO SELL CIGARETTES, THEN? WOULD THAT EVER BE A CONSIDERATION FOR YOU?

A COULD YOU REPEAT THAT QUESTION, PLEASE.

Q LET ME REPHRASE IT.

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YOU HAVE INDICATED THAT IN THE PAST THERE HAS BEEN A SHIFT BETWEEN THE USE OF FILTERS AND NON-FILTERS. IS THAT CORRECT?

A THIS HAS BEEN GOING ON FOR A LONG LONG TIME.

Q HAVE YOU EVER ATTEMPTED TO ASCERTAIN WHY THIS HAS OCCURRED?

A NOT THAT I AM AWARE OF.

Q WOULD THIS BE IMPORTANT TO YOU TO KNOW IN YOUR CAPACITY AS HEAD OF MARKETING RESEARCH?

A NON-FILTER CIGARETTES ARE NOT A FACTOR IN THE MARKETPLACE. WE HAVE A VERY SMALL PART OF OUR BUSINESS IN NON-FILTER CIGARETTES. WE DON'T ACTIVELY PROMOTE -- WE ONLY HAVE ONE NON-FILTER BRAND. WE DON'T EVEN ADVERTISE THAT. SO IT IS NOT SOMETHING THAT IS OF GREAT CONCERN TO ME, BECAUSE WE DON'T HAVE ANY INTEREST IN PROMOTING NON-FILTER CIGARETTES.

Q IS IT MORE EXPENSIVE TO MAKE A FILTER CIGARETTE THAN A NON-FILTER CIGARETTE?

A I HONESTLY DON'T KNOW WHAT THE COST DIFFERENCES ARE. IT IS NOT SOMETHING THAT I AM INVOLVED IN.

Q DO YOU KNOW WHETHER OR NOT THERE IS ANY RESEARCH BEING CARRIED ON WITHIN THE COMPANY THE OBJECT OF WHICH IS TO GET A LOW TAR AND NICOTINE CIGARETTE?

A COULD YOU CLARIFY THAT QUESTION?

Q IS THERE ANY ATTEMPT AT THIS TIME TO GET A LOW TAR CIGARETTE INSIDE THE COMPANY?

A WE HAVE A NUMBER OF LOW TAR CIGARETTES.

Q WHY WERE THEY DEVELOPED?

A BECAUSE CONSUMERS WANTED THEM.

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Q CONSUMERS SAID IN EFFECT THEN ONE DAY, "WE WANT A LOW TAR CIGARETTE"?

A I THINK THE GOVERNMENT HAD SOMETHING TO DO WITH THAT.

Q WHAT?

A THE GOVERNMENT HAS ALLEGED THAT LOW TAR CIGARETTES ARE LESS HARMFUL THAN HIGH TAR CIGARETTES. WE DON'T HAPPEN TO AGREE THAT ANY CIGARETTES HAVE BEEN PROVEN TO BE HARMFUL OR NOT HARMFUL. BUT WE ARE IN THE BUSINESS OF GIVING THE CONSUMER WHAT THEY WANT. IF THEY WANT LOW TAR CIGARETTES, WE PREFER THAT THEY SMOKE OUR LOW TAR CIGARETTES TO A COMPETITOR'S. WE MAKE NO CLAIM AS TO WHETHER OR NOT THEY ARE LESS HARMFUL, BECAUSE WE DON'T BELIEVE THAT CIGARETTES HAVE PROVEN TO BE HARMFUL OR NOT HARMFUL, THAT MORE RESEARCH IS NEEDED.

Q MORE RESEARCH IN WHAT FIELD?

A SCIENTIFIC.

Q WHEN YOU USE THE TERM, QUOTE, SCIENTIFIC PROOF, CLOSE QUOTE, AS TO WHETHER OR NOT HARM ARISES FROM THE USE OF CIGARETTES, CAN YOU BE A LITTLE MORE SPECIFIC AS TO WHAT YOU MEAN BY THE WORD "SCIENTIFIC"?

A WELL, OBVIOUSLY I AM NOT A SCIENTIST. BUT IN LAYMAN'S TERMS THAT MEANS DEMONSTRATING USING MEDICAL SCIENCE TECHNIQUES OF WHICH I AM NOT QUALIFIED TO SPEAK ON, THAT THERE IS A CAUSE AND EFFECT RELATIONSHIP.

Q DO YOU HAVE OR HAS IT EVER BEEN BROUGHT TO YOUR ATTENTION THERE HAVE BEEN STATISTICAL STUDIES RELATING TO THE PROBABILITIES OF INJURY WHICH INDICATE -- WHICH IS ALLEGED TO

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INDICATE THAT THERE ARE HEALTH HAZARDS IN THE USE OF CIGARETTES?

A YES.

Q DO YOU COMPLETELY DISCOUNT THOSE AS BEING QUOTE, SCIENTIFIC, CLOSE QUOTE, PROOF THAT CIGARETTES ARE HARMFUL?

A YES, I DO.

Q IS THIS YOUR UNDERSTANDING OF WHAT THE OFFICIAL POSITION IS OF THE COMPANY AT THIS TIME?

MR. NYHAN: LET ME OBJECT TO THE FORM OF THAT QUESTION IN THAT IT INCLUDES THE WORD "OFFICIAL."

Q BY MR. KILBOURNE: FINE. THERE MAY NOT BE AN OFFICIAL POSITION. I DON'T WANT TO PUT YOU ON THE SPOT AS FAR AS WHAT YOUR OWN PERSONAL BELIEFS ARE. I AM ASKING YOU THESE QUESTIONS OF COURSE IN YOUR CAPACITY AS A MANAGEMENT OFFICER OF R.J. REYNOLDS TOBACCO. IS THAT YOUR UNDERSTANDING, THEN, OF THE POSITION OF THE COMPANY?

A MY UNDERSTANDING OF THE POSITION OF THE COMPANY IS THAT IT HAS NOT BEEN SCIENTIFICALLY DEMONSTRATED THAT THERE IS A CAUSE AND EFFECT RELATIONSHIP BETWEEN SMOKING AND DISEASE IN HUMANS.

Q DO YOU KNOW OF THE EXISTENCE OF ANY COMMUNICATIONS WITHIN THE COMPANY WHICH SET OUT THAT POLICY?

MR. NYHAN: HE IS REFERRING TO IT AS A POSITION. IS THAT WHAT YOU MEAN, TOO?

MR. KILBOURNE: YES.

Q THIS MAY HAVE ARISEN IN INFORMAL DISCUSSION, BUT IS THERE ANYTHING IN WRITING THAT YOU COULD IDENTIFY FOR ME SO THAT I COULD ASK YOU TO SEE IT SO THAT I COULD SEE WRITTEN

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WHAT THE POSITION IS?

A I BELIEVE THERE IS SOMETHING IN WRITING, BUT I DON'T RECALL WHAT ITS TITLE IS.

Q A POSITION PAPER, PERHAPS?

A I DON'T REMEMBER WHAT THE TITLE IS.

Q DO YOU REMEMBER WHAT OFFICE IT WAS GENERATED IN OR EMANATED FROM?

A NO, I DON'T.

MR. NYHAN: THAT WAS A COMPOUND QUESTION.

MR. KILBOURNE: TRUE. IT DOESN'T NECESSARILY MAKE IT OBJECTIONABLE UNLESS HE DOESN'T UNDERSTAND IT.

THE WITNESS: WELL, THE ANSWER IS NO TO BOTH PARTS.

Q BY MR. KILBOURNE: WITH RESPECT TO THIS WHOLE AREA OF ALLEGED HEALTH HAZARDS, HAVE THERE BEEN DISCUSSIONS AT MEETINGS WHICH YOU HAVE ATTENDED CONCERNING THIS WHERE MR. LONG WOULD BE IN ATTENDANCE?

A I DON'T RECALL BEING IN ANY MEETINGS WITH MR. LONG WHERE WE HAVE TALKED ABOUT HEALTH HAZARDS AS A TOPIC OF THE MEETING.

Q WELL, I AM NOT ASKING JUST AS A TOPIC OF A MEETING, BUT WHERE IT CAME UP. FOR INSTANCE, IN FORMULATING AN ADVERTISING CAMPAIGN OR DISCUSSING AN APPROACH TO INCREASING SALES, WHERE IT WOULD HAVE BEEN DISCUSSED AS A FACTOR.

A AS I SAID BEFORE, WE DON'T MAKE ANY CLAIMS IN OUR ADVERTISING ABOUT HEALTH. SO IT IS NOT PART OF THE ADVERTISING DEVELOPMENT OR RESEARCH PROCESS.

Q DO YOU HAVE ANY RECOLLECTION AT THIS TIME OF THE

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MATTER EVER HAVING COME UP FOR ANY OTHER PURPOSE IN MEETINGS WITHIN THE COMPANY?

A I GUESS I WOULD SAY IN GENERAL TERMS THERE IS A CERTAIN FRUSTRATION WITHIN THE COMPANY THAT ONE SIDE OF THE SMOKING and HEALTH CONTROVERSY IS THE ONLY THING THE PUBLIC GETS IN THE MEDIA. AND THAT OUR POSITION IS THAT the SMOKING AND HEALTH CONTROVERSY IS INDEED A CONTROVERSY, AND THAT MORE RESEARCH IS NEEDED TO RESOLVE THE CONTROVERSY. BUT I DON'T KNOW EXACTLY WHAT YOU MEAN BY YOUR QUESTION.

Q WHAT STEPS IF ANY ARE BEING TAKEN BY THE COMPANY TO HELP RESOLVE THE CONTROVERSY?

A WE CONTRIBUTE TO INDEPENDENT MEDICAL RESEARCH INQUIRING INTO THE CAUSES OF DISEASES THAT HAVE BEEN ALLEGED TO BE RELATED TO SMOKING. THAT IS HOW WE BELIEVE THE CONTROVERSY SHOULD BE ADDRESSED.

Q TO WHOM DO YOU CONTRIBUTE FOR MEDICAL RESEARCH?

A I DON'T KNOW SPECIFICALLY. THAT IS NOT SOMETHING THAT I AM INVOLVED IN.

Q ARE YOU REFERRING NOW TO THE SUPPORT OF THE COUNCIL FOR TOBACCO RESEARCH?

A I BELIEVE THEY DO IN FACT GET INVOLVED IN IT. BUT AS TO THE SPECIFICS, I AM NOT FAMILIAR WITH THEM.

Q DO YOU KNOW OF ANY OTHER CONTRIBUTIONS THAT ARE MADE TO MEDICAL RESEARCH OTHER THAN THROUGH THE COUNCIL FOR TOBACCO RESEARCH?

A THERE COULD VERY WELL BE SOME, BUT I AM NOT AWARE OF THEM.

Q IS THIS ALSO TRUE WITH RESPECT TO THE CAUSATION

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OF THE DISEASES WHICH ARE ALLEGEDLY RELATED TO THE USE OF TOBACCO?

MR. NYHAN: I OBJECT TO THE FORM OF THE QUESTION ON THE GROUND THAT IT IS AMBIGUOUS. WHAT DO YOU MEAN BY "THIS" --

Q BY MR. KILBOURNE: STEPS TO RESOLVE. HE GAVE AS ONE OF THE ALTERNATIVES, THEY WERE LOOKING INTO THE CAUSES OF DISEASE BECAUSE OF THE CONTROVERSY. I WAS JUST ASKING IF THIS IS ONE OF THE AREAS IN ADDITION THAT IS INVOLVED.

MR. NYHAN: WELL, WHAT IS THE QUESTION?

Q BY MR. KILBOURNE: WHAT THEY DO TO ASCERTAIN CAUSES OF DISEASE.

A WE FUND INDEPENDENT RESEARCH.

Q WELL, YOU SAID THAT, AND I ASKED YOU HOW YOU FUND INDEPENDENT RESEARCH, HOW? WHO? WHAT? GIVE ME SOME EXAMPLES OR --

A I CAN'T GIVE YOU ANY. THAT IS NOT SOMETHING THAT I AM INVOLVED IN OR AWARE OF, AND SO I DON'T KNOW THE ANSWER.

Q WHO IS IN THE COMPANY?

A I DON'T KNOW THAT EITHER.

Q HOW DO YOU KNOW THIS, THEN?

A IT IS GENERAL KNOWLEDGE.

Q WHO WOULD I GO TO TO GET THIS INFORMATION?

A I SUPPOSE DR. DI MARCO WOULD PROBABLY KNOW.

Q IN ADVERTISING RESEARCH DO YOU HAVE ANY PSYCHOLOGISTS WHICH ARE ON THE STAFF THAT ASSIST IN DOING ADVERTISING?

A NO, WE HAVE OUR REGULAR RESEARCH ANALYSTS HANDLE THAT.

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Q THESE ARE ALL M.B.A. TYPES THAT YOU REFER TO?

A MOSTLY, YES. I DON'T THINK WE HAVE ANY PEOPLE WHO ARE PSYCHOLOGISTS. WE HAVE PEOPLE WHO HAVE TAKEN PSYCHOLOGY IN SCHOOL, I SUPPOSE, BUT --

Q DO YOU DO MARKETING SURVEYS BEFORE INTRODUCING NEW PRODUCTS?

A WHAT DO YOU MEAN BY SURVEYS?

Q WELL, DO YOU DO ANY MARKET RESEARCH BEFORE INTRODUCING NEW PRODUCT?

A YES.

Q HOW DO YOU THIS?

A WE TEST NAMES, WE TEST PACKAGES, WE TEST PRODUCTS, AND WE TEST ADVERTISING BEFORE WE GO TO THE MARKETPLACE.

Q HOW DO YOU DO THIS?

A WELL, I THINK I ALREADY TALKED TO YOU ABOUT HOW WE TEST PRODUCTS.

Q HOW DO YOU TEST NAMES?

A WE HAVE ALTERNATIVE NAMES THAT ARE COMPOSED FOR A NEW BRAND, AND WE TEST THEM TO SEE WHICH ONE BEST FITS WITH THAT PARTICULAR PROPOSITION, AND WHICH ONE MIGHT BE MOST APPEALING.

Q HOW?

A WE EXPOSE PEOPLE TO VARIOUS NAMES AND ASK THEM WHAT KIND OF A CIGARETTE THEY THINK THAT WOULD BE, AND WHAT WOULD IT TASTE LIKE, AND WHAT KIND OF PERSON MIGHT SMOKE IT. WE WOULD DO THAT WITH SIMILAR NAMES AND TRY TO DEVELOP THE BEST FIT BETWEEN THE BRAND THAT WE WERE CONSIDERING AND THE

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MOST APPROPRIATE NAME FOR IT.

Q WHEN YOU SAY "WE EXPOSE PEOPLE," WHAT DO YOU CALL THAT PROCESS?

A NAME RESEARCH.

Q YOU DON'T CALL IT MAKING A SURVEY OR --

A "SURVEY" IS A VERY BROAD TERM. TO ME IT SIMPLY MEANS ASKING CONSUMERS QUESTIONS.

Q WELL, ISN'T THAT WHAT YOU ARE DOING? IS THAT THE PROCESS?

A YES.

Q I AM GETTING AT WHY YOU DIDN'T WANT TO ANSWER MY USE OF THE TERM "SURVEY" A MOMENT AGO, AND NOW YOU COME BACK. I ASK YOU AGAIN, IN MAKING WHATEVER YOU TERM THIS PROCESS, DO YOU EVER ATTEMPT TO ASCERTAIN FROM PEOPLE WHETHER OR NOT THEY HAVE ANY CONCERN ABOUT ALLEGED HEALTH HAZARDS?

MR. NYHAN: I OBJECT TO THE FORM OF THE QUESTION ON THE GROUNDS THAT IT IS ARGUMENTATIVE. I THINK IF YOUR QUESTION IS ONLY LIMITED TO YOUR LAST STATEMENT, THAT PROBABLY WON'T BE OBJECTIONABLE. IF YOU CAN STRIKE THE ARGUMENT --

Q BY MR. KILBOURNE: STRIKE THE ARGUMENT AND RELATE TO THE LAST, AND ANSWER MY QUESTION, IF YOU UNDERSTAND IT.

A NO, THE ANSWER IS NO.

Q IS THERE ANYONE, ANY ORGANIZATION, ANY GROUP, WHO EVER DOES THIS FOR R.J. REYNOLDS OR FOR THE TOBACCO INDUSTRY WHERE YOU GET THE BENEFIT OF?

A ARE WE STILL TALKING ABOUT NAME RESEARCH?

Q NAME, PACKAGE, PRODUCT, ADVERTISING RESEARCH, ANY OF THESE THAT ARE -- WHERE YOU EMPLOY THIS PROCESS THAT YOU

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HAVE NOW DEFINED.

A WE DON'T ASK QUESTIONS LIKE THAT, BECAUSE AS I SAID BEFORE, WE DON'T PROMOTE OUR PRODUCTS AS BEING PRODUCTS THAT WOULD ADDRESS THOSE CONCERNS. WE BELIEVE THAT THAT REFERS TO -- AS I SAID BEFORE, IS BEST RESOLVED THROUGH SCIENTIFIC RESEARCH, AND WE DO NOT PROFESS THAT ANY OF OUR NEW BRANDS OR ESTABLISHED BRANDS ARE HARMLESS, LESS HARMFUL, OR MORE HARMFUL. WE DON'T MAKE ANY CLAIMS TO THAT EFFECT.

Q WHY DO YOU ADVERTISE CIGARETTES AS BEING LOW TAR CIGARETTES, THEN?

A BECAUSE SOME CONSUMERS WANT TO BUY LOW TAR CIGARETTES. IF WE DID NOT ADVERTISE THAT THEY WERE LOW TAR, THEN THE CONSUMER WOULD BE CONFUSED.

Q DO YOU HAVE ANY IDEA AS YOU SIT HERE TODAY WHY SOME CONSUMERS ARE DESIREOUS OF HAVING A LOW TAR CIGARETTE?

A YES.

Q WHAT?

A I THINK THE GOVERNMENT AND OTHER ORGANIZATIONS HAVE LED PEOPLE TO BELIEVE THAT LOW TAR CIGARETTES MIGHT BE BETTER FOR THEM. WE DON'T HAPPEN TO AGREE WITH THAT CLAIM. BUT PEOPLE WANT LOW TAR CIGARETTES, AND WE ARE IN THE BUSINESS TO SATISFY THE WANTS OF THE CONSUMER.

Q NOW, YOU INDICATED THAT THE SHIFT TO FILTER CIGARETTES OCCURRED SOMETIME IN THE '50S. DO YOU KNOW OF ANY GOVERNMENT PUBLICATION PRIOR TO THE 1964 SURGEON GENERAL'S REPORT WHICH INDICATED THAT THERE WAS POTENTIAL HEALTH HAZARD IN THE USE OF TOBACCO PRODUCTS?

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A NO.

Q DO YOU KNOW, THEN, OR HAVE ANY IDEA AT THIS TIME AS TO WHY THE CHANGE TO FILTER CIGARETTES STARTED SOME YEARS BEFORE THE 1964 SURGEON GENERAL'S REPORT?

A THAT WAS LONG BEFORE I JOINED THE COMPANY OR HAD ANY INTEREST IN THE TOBACCO INDUSTRY. SO I REALLY DON'T KNOW.

Q HAS ANYTHING COME TO YOUR ATTENTION IN YOUR CAPACITY AS HEAD OF MARKETING RESEARCH AND MARKETING -- I DON'T WANT TO DEMOTE YOU NOW -- ARE YOU HEAD OF THE MARKETING DEPARTMENT OR -- WHAT IS YOUR EXACT TITLE?

A VICE-PRESIDENT OF MARKETING DEVELOPMENT.

Q IN YOUR CAPACITY AS VICE-PRESIDENT OF MARKETING DEVELOPMENT, HAVE YOU LEARNED ANYTHING FROM YOUR ASSOCIATION WITH THE COMPANY WHICH INDICATES WHY THIS OCCURRED, THIS SHIFT TO FILTER CIGARETTES, BEFORE THE 1964 REPORT WAS PUBLISHED?

A NOT THAT I RECALL.

Q DO YOU HAVE ANY DIRECT CONTACT WITH THE COUNCIL FOR TOBACCO RESEARCH?

A NO, SIR.

Q WE HAVE LEARNED THAT MR. DI MARCO AND MR. WITT ARE REPRESENTATIVES. HOW ABOUT ANY DIRECT CONTACT WITH THE TOBACCO INSTITUTE?

A NO.

Q DO YOU KNOW WHAT THE FUNCTION IS OF THE TOBACCO INSTITUTE?

A IN VERY GENERAL TERMS.

Q WHAT IS YOUR UNDERSTANDING, IF YOU CAN STATE IT BRIEFLY?

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A TO REPRESENT THE INTERESTS OF THE TOBACCO INDUSTRY TO THE CONGRESS AND TO THE MEDIA.

Q MORE OR LESS A PR FOR THE TOBACCO INDUSTRY GENERALLY, THEN?

MR. NYHAN: OBJECT TO THE FORM OF THE QUESTION. AND THAT MISCHARACTERIZES HIS TESTIMONY. HE IDENTIFIED HIS GENERAL UNDERSTANDING OF IT. YOU CAN MAKE ANY INTERPRETATION YOU WANT. I DON'T THINK HE HAS TO AGREE OR --

Q BY MR. KILBOURNE: DOES IT HAVE -- I AM TRYING TO STATE MY REACTION TO YOUR RESPONSE, AND ASKING IF MY RESPONSE IS CORRECT SO THERE IS NO MISUNDERSTANDING. I HOPE YOU UNDERSTAND IT IN THAT REGARD.

DOES THE TOBACCO INSTITUTE PERFORM A PUBLIC RELATIONS FUNCTION FOR THE VARIOUS INDIVIDUAL TOBACCO COMPANIES WHICH CONTRIBUTE TO ITS SUPPORT?

A THEY MAKE STATEMENTS TO THE MEDIA, GIVING INDUSTRY POSITION ON AN ISSUE. IF THAT IS WHAT YOU MEAN BY PUBLIC RELATIONS, YES.

Q WHEN YOU SAY THAT THERE IS SOME PROBLEM CONCERNING THE -- THAT THERE IS A CONTROVERSY, I BELIEVE IS THE TERM YOU USED, CONCERNING WHETHER OR NOT HEALTH HAZARDS EXIST WITH RESPECT TO THE USE OF TOBACCO PRODUCTS, IS THE TOBACCO INSTITUTE CHARGED WITH THE RESPONSIBILITY OR DOES IT EXIST FOR THE PURPOSE OF COUNTERING THE ALLEGATIONS OF HEALTH HAZARDS?

A I AM NOT FAMILIAR ENOUGH WITH THE TOBACCO INSTITUTE TO ACCURATELY CHARACTERIZE WHAT THEIR CHARGE IS, WHAT THEIR -- I HAVE STATED WHAT MY BELIEF IS AS TO WHAT THEY

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DO. I DON'T KNOW IF I CAN GO MUCH BEYOND THAT.

Q WELL, WITH RESPECT TO THIS CONTROVERSY WHICH YOU MENTIONED, DO YOU KNOW WHETHER OR NOT THEY ASSIST R.J. REYNOLDS TOBACCO COMPANY IN RESOLVING THIS CONTROVERSY OR PRESENTING THE OTHER SIDE, AS YOU SAID BEFORE?

A I BELIEVE THEY DO PRESENT THE OTHER SIDE, YES.

Q AS YOU SIT HERE TODAY, CAN YOU THINK OF ANY EPIDEMIOLOGICAL STUDIES WHICH HAVE BEEN MADE BY THE TOBACCO INSTITUTE OR THE COUNCIL FOR TOBACCO RESEARCH TO ASCERTAIN THE FACTS OF THE EXISTENCE OF A HEALTH HAZARD?

A I AM AWARE THAT SUCH STUDIES EXIST, BUT I AM NOT FAMILIAR SPECIFICALLY WITH WHAT THEY ARE.

Q DO YOU ROUTINELY SEE ANY MEDICAL LITERATURE WHICH INCLUDES ARTICLES ON THE SUBJECT OF ALLEGED HEALTH HAZARDS IN THE USE OF TOBACCO PRODUCTS?

A DID YOU SAY MEDICAL LITERATURE?

Q YES.

A NO.

Q DO YOU KNOW WHETHER OR NOT THERE IS ANYONE IN THE COMPANY WHO DOES?

A I DON'T KNOW.

Q DO YOU KNOW OF ANY INTERNAL MEMORANDA WHICH REFER TO THE ALLEGATION THAT A HEALTH HAZARD EXISTS FROM USE OF TOBACCO PRODUCTS?

A THE ONLY THING THAT COMES TO MIND IS THE POSITION PAPER WHICH STATES THE COMPANY'S POSITION WHICH WE TALKED ABOUT A LITTLE WHILE AGO. I CAN'T THINK OF ANYTHING ELSE.

Q BY THAT POSITION PAPER, YOU ARE REFERRING TO THE

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ONE THAT CAME OUT SOMETIME LAST YEAR?

A I DON'T REMEMBER EXACTLY WHEN.

Q THIS PAPER, SO WE CAN IDENTIFY IT, I HAVE HAD ONE PRODUCED TO ME ALREADY. COULD YOU LOOK AT IT BRIEFLY AND SEE IF THIS IS THE PAPER YOU ARE REFERRING TO.

YOU WILL NOTE THE LOWER RIGHT-HAND CORNER THE DATE. THE DATE WHICH IS APPARENTLY ON THE COPY WHICH WAS GIVEN TO ME, NOT THE STAMPED DATE.

A THIS IS WHAT I WAS REFERRING TO, YES.

Q WITH RESPECT TO THIS POSITION PAPER WHICH I WOULD NOTE FOR IDENTIFICATION PURPOSES IS DATED 3/31/83 ON THE COPY PRODUCED FOR ME -- DO YOU KNOW WHAT DISTRIBUTION THIS HAD INSIDE THE COMPANY?

A NO.

Q DO YOU KNOW WHO WAS RESPONSIBLE FOR HAVING IT PREPARED?

A NO.

Q DO YOU KNOW WHO ACTUALLY PREPARED IT?

A NO.

Q DO YOU KNOW OF ANYONE WHO CONTRIBUTED ANY PORTION OF IT?

A NO.

Q DO YOU KNOW WHY IT WAS PREPARED?

A TO FAMILIARIZE WHOEVER GOT THE REPORT WITH THE COMPANY'S POSITION ON THIS ISSUE.

Q WHO GAVE IT TO YOU?

A I DON'T REMEMBER.

Q DID IT JUST COME IN THE MAIL ONE MORNING IN AN

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ENVELOPE?

A I DON'T REMEMBER THE CIRCUMSTANCES OF RECEIVING IT. I GET A LOT OF MAIL EVERY DAY. I AM TALKING ABOUT SOMETHING THAT HAPPENED A LONG TIME AGO.

Q DID IT HAVE A FORWARDING LETTER WITH IT?

A I DON'T RECALL.

Q DO YOU HAVE A COPY OF IT IN YOUR OFFICE RIGHT NOW?

A I DON'T KNOW.

Q WHO WOULD KNOW THIS? WHO WOULD HAVE THE INFORMATION CONCERNING HOW AND WHY THIS PAPER WAS PREPARED AND DISTRIBUTED?

A I DON'T KNOW THAT EITHER.

Q DO YOU KNOW WHETHER OR NOT MR. WITT WOULD KNOW?

A I DON'T KNOW.

Q WHO WOULD BE IN A POSITION TO ANSWER MY QUESTIONS ABOUT WHAT I HAVE ASKED YOU THAT YOU CAN'T ANSWER?

MR. NYHAN: WELL, I AM GOING TO OBJECT TO THE FORM OF THE QUESTION ON THE GROUNDS THAT IT IS ARGUMENTATIVE AND CALLS FOR THE WITNESS TO SPECULATE AS TO WHO MIGHT ANSWER ALL THE QUESTIONS THAT YOU MIGHT PUT.

Q BY MR. KILBOURNE: DO YOU KNOW OF ANYONE WHO COULD ANSWER ANY OF THE QUESTIONS THAT I PUT TO YOU? CONCERNING THIS PAPER, OF COURSE.

A AGAIN, I WOULD BE SPECULATING.

Q DON'T SPECULATE. BUT YOU JUST DON'T KNOW --

A I WOULD HAVE TO GUESS.

Q I AM SURE THAT MR. NYHAN --

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A I DON'T KNOW SPECIFICALLY.

Q I AM SURE HE WOULD TELL YOU NOT TO GUESS.

IF YOU DON'T KNOW, YOU DON'T KNOW. SOMETIMES I ASK YOU A QUESTION THAT YOU DON'T KNOW THE ANSWER TO. THERE IS NO HARM IN NOT KNOWING.

MR. NYHAN: YOU HAVE BEEN GOING AT IT AN HOUR.

(RECESS.)

Q BY MR. KILBOURNE: GOING BACK BRIEFLY TO THE POSITION PAPER WE WERE DISCUSSING, DO YOU KNOW OF ANY DISTRIBUTION THAT THIS PAPER HAD OUTSIDE THE COMPANY?

A I HAVE NO IDEA.

Q HAVE YOU HAD OCCASION TO LOOK AT ANY OF THE FOOTNOTED MATERIAL IN IT?

A I THINK WHEN I SAW IT, WHENEVER THAT WAS, I GLANCED THROUGH THAT AT THE TIME. I DID NOT STUDY IT IN ANY GREAT DETAIL. IT IS AWFULLY SCIENTIFIC. I AM NOT A SCIENTIST.

Q WERE THERE ANY DISCUSSIONS IN YOUR PRESENCE ABOUT ITS CONTENTS?

A NO.

Q ANY COMMUNICATIONS WITHIN THE COMPANY ABOUT IT THAT YOU RECALL?

A NOT THAT WERE BROUGHT TO MY ATTENTION.

Q HAVE THERE BEEN TO YOUR KNOWLEDGE ANY OTHER INQUIRIES IN THE COMPANY ON SPECIFIC AREAS OF RESEARCH RELATING TO POTENTIAL OR ALLEGED HEALTH HAZARDS?

A CAN YOU REPEAT THAT.

Q LET ME ASK IT THIS WAY. DO YOU KNOW OF ANY

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IN-HOUSE -- IN THE COMPANY, AS OPPOSED TO SOMETHING BEING DONE NOW BY THE COUNCIL FOR TOBACCO RESEARCH, ANY INQUIRIES INTO HEALTH HAZARDS INSIDE THE COMPANY?

A I AM NOT AWARE OF ANY.

Q ARE YOU GENERALLY MADE AWARE OF THE DIRECTION OF RESEARCH WHICH IS BEING CARRIED OUT IN THE COMPANY?

A IF IT IS MARKETING RESEARCH, I AM. IF IT IS THIS KIND OF RESEARCH, I AM NOT.

Q PRODUCT RESEARCH POSSIBLY?

A PRODUCT RESEARCH THAT WE GET INVOLVED IN I AM AWARE OF.

Q ARE YOU AWARE OF ANY RESEARCH WHICH IS BEING DONE RELATING TO THE PRODUCTS OF COMBUSTION OF TOBACCO PRODUCTS?

A NO.

Q DO YOU GET ANY INFORMATION AFTER THE COMPLETION OF RESEARCH OTHER THAN IN THE AREA OF MARKETING WHEN IT IS COMPLETED?

A NO, I STRICTLY DEAL WITH MARKETING RESEARCH.

Q I TAKE IT, THEN, YOU DO NOT HAVE AN ONGOING DISCUSSION WITH DR. DI MARCO AND OTHERS IN HIS DEPARTMENT CONCERNING HIS SPECIFIC AREA OF CONCERN OTHER THAN IT MAY RELATE TO MARKETING.

MR. NYHAN: OBJECT TO THE FORM OF THE QUESTION ON THE GROUND THAT IT ASSUMES THAT RESEARCH CONDUCTED BY DR. DI MARCO'S DEPARTMENT IS RELATED TO MARKETING.

MR. KILBOURNE: WELL, I AM NOT ASSUMING THAT. I AM SAYING OTHER THAN AS IT MAY RELATE TO MARKETING.

THE WITNESS: DR. DI MARCO'S DEPARTMENT DEVELOPS

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CIGARETTE TEST PRODUCTS, AND WE DO THE TESTING. DISCUSSIONS RELATING TO THOSE THINGS I AM FAMILIAR WITH. BUT BEYOND THAT, WE DON'T HAVE DISCUSSIONS.

Q BY MR. KILBOURNE: WHEN YOU GET A PRODUCT FROM HIM WHICH HAS BEEN DEVELOPED, CAN YOU GIVE ME SOME EXAMPLES THAT HAVE OCCURRED IN THE PAST? I DON'T WANT YOU TO GO INTO WHAT MAY RESULT IN YOUR HAVING TO INTERPRET OR DISCLOSE TRADE SECRETS, BUT JUST GENERALLY WHAT THE TYPE OF THING IS SO THAT I WILL KNOW WHAT IT IS YOU ARE REFERRING TO.

A WE HAVE AN ONGOING PRODUCT TESTING PROGRAM FOR EACH OF OUR BRANDS, AND DEPENDING ON THE SIZE OF THE BRAND, WE WILL TEST IT PERIODICALLY AGAINST COMPETITION, TO DETERMINE ITS COMPETITIVE PERFORMANCE ON A PRODUCT BASIS. AS I SAID BEFORE, WE GET AN OVERALL RATING, "TELL ME HOW YOU LIKE -- WHY YOU LIKE THIS CIGARETTE ON A SCALE OF ZERO TO A HUNDRED," AND WE HAVE THEM RATE IT ~~IT~~ on SPECIFIC CHARACTERI~~ZATION~~stics, SUCH AS TOBACCO TASTE, MILDNESS, HARSHNESS, AND SMOOTHNESS, THINGS LIKE THAT. WE GET RATINGS, AND WE COMPARE THEM. IF WE ARE NOT SATISFIED WITH THE PERFORMANCE, DR. DI MARCO GOES BACK AND DEVELOPS ANOTHER ONE, AND WE TEST IT UNTIL WE ARE SATISFIED. WHEN THAT TIME OCCURS, WE INTRODUCE THAT PRODUCT INTO THE MARKETPLACE. DOES THAT ANSWER YOUR QUESTION?

Q YES. NOW, WHEN YOU RECEIVE THIS NEW PRODUCT, ARE YOU GIVEN AN ANALYSIS OF WHAT HAS BEEN DONE OR WHAT HAS BEEN CHANGED FROM THE WAY IT HAS BEEN PRESENTED IN THE PAST SO THAT YOU KNOW?

A WELL, IF WE ARE TRYING TO CORRECT A DEFICIENCY,

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WE ARE AWARE THAT THAT NEW PROTOTYPE HAS BEEN DEVELOPED TO CORRECT THAT DEFICIENCY. HOW THEY HAVE ACTUALLY ACCOMPLISHED THAT IS THEIR BAILIWICK. WE DON'T GET INVOLVED IN THE DESIGN OF THE PRODUCT. THAT IS THEIR RESPONSIBILITY. WHAT WE DO IS MEASURE CONSUMER REACTION TO THE END PRODUCT. SO IF WE, FOR EXAMPLE, HAD A PROBLEM WITH A CIGARETTE BEING TOO HARSH, THEN THEY WOULD DEVELOP A MILDER CIGARETTE, AND WE WOULD FIND OUT IF THE CONSUMER PERCEIVED IT TO BE MILDER.

Q WOULD YOU NECESSARILY BE TOLD WHAT THEY CONCLUDED WAS THE THING THAT CAUSED THE HARSHNESS?

A THEY HAVE THEIR THEORIES, BUT THAT IS NOT SOMETHING THAT WE ARE EXPERT IN. IF THEY HAD ALL THE ANSWERS, THEN WE WOULD HAVE EVEN BETTER PRODUCTS THAN WE HAVE.

Q ARE YOU GIVEN ANY INDICATION OF WHAT IS DONE TO CORRECT THE PROBLEM WHICH EXISTED, SUCH AS WHETHER OR NOT THERE HAVE BEEN ADDITIONAL ADDITIVES OR A DIFFERENT BLEND, OR DIFFERENT PAPER, OR SOMETHING OF THAT NATURE?

A WE REALLY DON'T GET MUCH INVOLVED IN THAT. THAT IS AGAIN, THEIR BAILIWICK. THEY ARE THE EXPERTS IN THAT AREA. WE DO THE TESTING, AND THEY DO THE DEVELOPING.

Q YOU GET A PRODUCT WITH A NUMBER ON IT, SAY "TRY THIS ONE," THEN. OR SOME DESIGNATION.

A WE KNOW, AS I SAID, WHAT THE PRODUCT IS SUPPOSED TO DO, BECAUSE WE HAVE TO DECIDE WHETHER IT IS DONE THEN OR NOT. SO WE KNOW -- WE DON'T GET INVOLVED IN TRYING TO TELL THEM WHAT TO PUT IN IT. THEY DON'T GET INVOLVED IN TRYING TO TELL US HOW TO TEST IT.

Q WHO IS NUMBER ONE IN THE SALE OF FILTER

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CIGARETTES AT THIS POINT?

A PHILLIP MORRIS.

Q AND NUMBER TWO?

A R.J. REYNOLDS.

Q R.J. REYNOLDS AT ONE POINT WAS NUMBER ONE, WAS IT NOT?

A YES.

Q WHAT IS YOUR UNDERSTANDING AS TO WHY THEY HAVE FALLEN TO NUMBER TWO?

A THEY GREW FASTER THAN WE DID.

Q DID THEY SWITCH TO FILTERS BEFORE YOU DID?

A I REALLY DON'T KNOW IF THEY HAD A FILTER BRAND BEFORE WE DID OR NOT. OUR FIRST FILTER BRAND WAS WINSTON. I CAN'T REMEMBER IF THEY HAD ONE BEFORE THAT.

Q HAVE YOU EVER HAD IT BROUGHT TO YOUR ATTENTION AT ANY TIME THAT ALLEGATIONS HAVE BEEN MADE THAT CIGARETTE SMOKING MAY BE ADDICTIVE?

A I BELIEVE I READ SOMETHING IN THE NEWSPAPER ARTICLES TO THAT EFFECT. I DON'T HAPPEN TO BELIEVE IT.

Q WHEN WAS THE FIRST TIME YOU RECALL HAVING IT BEEN SUGGESTED TO YOU?

A I DON'T REMEMBER.

Q HAS IT BEEN SINCE YOU WERE WITH THE COMPANY OR WAS IT BEFORE?

A I DON'T RECALL.

Q HOW LONG HAVE YOU SMOKED?

A SINCE I WAS ABOUT 17.

Q EVER TRY TO QUIT?

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A I SWITCHED TO A PIPE FOR A FEW YEARS. I CAME BACK. THE PIPE WAS A NUISANCE.

Q POCKETS DIRTY?

A I WAS ALWAYS RUNNING OUT OF MATCHES.

Q HAVE YOU EVER HAD THE TERM "SYNERGISM" AS IT RELATES TO SOME ALLEGED RELATIONSHIP BETWEEN ASBESTOS AND TOBACCO IN PRODUCING HEALTH PROBLEMS COME TO YOUR ATTENTION?

A I DON'T RECALL SPECIFICALLY THAT WORD, BUT I BELIEVE I READ A NEWSPAPER ARTICLE RELATING ASBESTOS TO TOBACCO. BUT I DON'T RECALL IF THE TERM "SYNERGISM" WAS USED.

Q CAN YOU TELL ME APPROXIMATELY WHEN YOU RECALL READING A NEWSPAPER ARTICLE THAT MENTIONED ASBESTOS IN CONNECTION WITH HEALTH HAZARDS?

A NOT EXACTLY. IT HAS BEEN WITHIN THE LAST TEN YEARS. BUT I WOULDN'T HAVE ANY IDEA AS TO WHEN.

Q DO YOU RECALL EVER SEEING IT SUGGESTED IN A NEWSPAPER ARTICLE OR OTHERWISE THAT THE COMBINATION OF SMOKING AND EXPOSURE TO ASBESTOS PRESENTED A PARTICULARLY BAD HEALTH HAZARD?

A I MAY HAVE READ THAT ALLEGATION. BUT I DON'T REMEMBER WHEN IT WAS OR WHAT IT WAS.

Q DO YOU HAVE ANY OPINION AS YOU SIT HERE TODAY IN YOUR CAPACITY AS MANAGEMENT OFFICER OF R.J. REYNOLDS TOBACCO COMPANY WHETHER OR NOT THERE IS ANY TRUTH OR VALIDITY TO SUCH A CHARGE?

A AGAIN, AS I STATED BEFORE, OUR POSITION IS THAT IT HAS NOT BEEN SCIENTIFICALLY ESTABLISHED THAT SMOKING HAS A CAUSAL RELATIONSHIP TO DISEASE IN HUMANS, WHETHER IT BE BY

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ITSELF OR WITH ASBESTOS OR ANYTHING ELSE.

Q IN YOUR CAPACITY AS HEAD OF MARKETING RESEARCH, DID IT EVER COME TO YOUR ATTENTION THAT THERE HAS BEEN IN THE LAST 50 YEARS AN INCREASE IN THE USE OF CIGARETTES AS OPPOSED TO OTHER TYPES OF TOBACCO PRODUCTS?

A I BELIEVE -- WHAT DO YOU MEAN BY THE INCREASE IN USAGE?

Q WELL, THERE ARE MORE CIGARETTES SMOKED TODAY THAN PIPES AND CIGARS AS COMPARED TO WHAT HAPPENED 50 TO 75 YEARS AGO. HAS THAT BEEN BROUGHT TO YOUR ATTENTION?

MR. NYHAN: ARE YOU ASKING IF HE AGREES WITH THE STATEMENT YOU JUST MADE?

MR. KILBOURNE: RIGHT.

THE WITNESS: I AM SURE THERE ARE MORE CIGARETTES CONSUMED TODAY THAN THERE WERE 75 YEARS AGO, YES.

Q BY MR. KILBOURNE: ARE YOU AWARE OF THE STATISTICAL INCREASE DURING THAT PERIOD IN LUNG CANCER?

A I DON'T HAVE ANY KNOWLEDGE OF STATISTICS REGARDING INCIDENCE OF LUNG CANCER.

Q DO YOU HAVE ANY KNOWLEDGE OF AN ALLEGED INCREASE IN CHRONIC OBSTRUCTIVE LUNG DISEASE, EMPHYSEMA, CHRONIC HEART DISEASE AT THE SAME TIME?

A NO.

Q THIS HAS NEVER BEEN BROUGHT TO YOUR ATTENTION THAT THERE HAS BEEN AN INCREASE OR MAY ALLEGEDLY HAVE BEEN AN INCREASE IN THOSE DISEASES FOLLOWING THE INCREASE IN USE OF CIGARETTES?

A I MAY HAVE READ ALLEGATIONS TO THAT EFFECT IN THE

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NEWSPAPER. BUT BEYOND THAT, I AM NOT FAMILIAR WITH THE DETAILS.

Q HAVE YOU EVER HAD ANY DISCUSSIONS OR HAS IT EVER BEEN BROUGHT TO YOUR ATTENTION AS TO WHAT THE BASIC THEORIES ARE AS TO THE CAUSES, ALLEGED CAUSES, OF CANCER IN HUMANS?

A WOULD YOU REPEAT THAT.

Q HAS IT EVER BEEN DISCUSSED IN YOUR PRESENCE OR BROUGHT TO YOUR ATTENTION AS TO WHAT THE ALLEGED THEORIES OR THE THEORIES ARE OF ALLEGED CAUSATION OF CANCER IN HUMANS?

A I BELIEVE I MUST HAVE READ AT ONE TIME OR ANOTHER THAT CANCER HAS BEEN CAUSED BY ANY NUMBER OF THINGS. I READ THE OTHER DAY WHERE SOIL IS BELIEVED TO HAVE CAUSED CANCER, BUILDING MATERIALS, SACCHARIN. CANCER HAS BEEN ASSOCIATED WITH ANY NUMBER OF THINGS. IF THAT IS WHAT YOU ARE REFERRING TO.

Q WELL, MORE SPECIFICALLY, HAS IT EVER BEEN BROUGHT TO YOUR ATTENTION THAT THERE ARE PEOPLE WHO HAVE ALLEGEDLY OR HAVE THEORIZED THAT THERE ARE CERTAIN CHEMICALS THAT CAN CAUSE CANCER?

A YES, I HAVE HEARD THAT THEORIZED.

Q HAVE YOU EVER HEARD THE WORD "CARCINOGEN"?

A YES.

Q WHAT IS YOUR UNDERSTANDING AS TO WHAT A CARCINOGEN IS OR WHAT THE WORD MEANS?

A I THINK IT MEANS A SUBSTANCE THAT CAUSES CANCER.

Q CAN YOU NAME ME ONE?

A I DON'T REALLY KNOW. I DON'T KNOW THAT MEDICAL SCIENCE KNOWS. I CERTAINLY DON'T.

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Q DO YOU KNOW OF ANY SUBSTANCE WHICH HAS BEEN IDENTIFIED TO YOUR KNOWLEDGE AS A CAUSE OF EMPHYSEMA?

A NO.

Q DO YOU KNOW WHETHER OR NOT THERE ARE THEORIES AS TO THE MECHANICS OF THE CAUSE OF EMPHYSEMA?

A I PRESUME SOMEBODY MUST HAVE A THEORY ON IT. BUT I DON'T.

Q DID YOU BY ANY CHANCE HAVE AN OPPORTUNITY OR HAS IT EVER BEEN BROUGHT TO YOUR ATTENTION THAT THE 1982 SURGEON GENERAL'S REPORT WAS CONCERNED WITH CANCER?

A I BELIEVE ALL THE SURGEON GENERAL'S REPORTS TALK ABOUT CANCER. NOT SPECIFICALLY WHAT HAPPENED IN 1982.

Q HAVE YOU BY ANY CHANCE SEEN THE 1984 SURGEON GENERAL'S REPORT, WHICH IS ON CHRONIC OBSTRUCTIVE LUNG DISEASE?

A NO.

Q YOU ARE AWARE THAT THE HEALTH CONSEQUENCES OF SMOKING, 1984 HAS JUST BEEN PUBLISHED, ARE YOU?

A YES. I HAVE NOT READ IT.

Q HAVE YOU HAD ANY INFORMATION GIVEN TO YOU IN YOUR CAPACITY AS AN EMPLOYEE OF R.J. REYNOLDS TOBACCO COMPANY RELATED TO THE CONTENTS OF THE 1984 REPORT?

A I READ ABOUT IT IN THE NEWSPAPER, I MAY EVEN HAVE SEEN REFERENCES TO IT ON TELEVISION. AS FAR AS AN OFFICIAL COMPANY DOCUMENT, I DON'T RECALL EVER SEEING ANYTHING LIKE THAT.

Q NOW, YOU HAVE REFERRED TO SCIENTIFIC CAUSATION. ARE YOU AWARE THAT THERE IS AN APPROACH IN USING PROBABILITIES

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AND STATISTICAL METHODS TO SHOW ASSOCIATION BETWEEN AN AGENT AND A DISEASE WHICH IS EMPLOYED BY THE MEDICAL PROFESSION?

A I BELIEVE THAT HAS BEEN DONE, YES.

Q THAT IS A DISCIPLINE CALLED EPIDEMIOLOGY, IS IT NOT?

A I DON'T KNOW THAT IS WHAT YOU CALL IT.

Q YOU ARE AWARE THAT THERE ARE WHAT ARE CALLED EPIDEMIOLOGICAL STUDIES WHICH ARE MADE TO SHOW ASSOCIATION BETWEEN AN AGENT AND A DISEASE, ARE YOU NOT?

MR. NYHAN: FOR THE RECORD, WOULD YOU IDENTIFY WHAT YOU JUST FLASHED IN FRONT OF MR. HALL.

MR. KILBOURNE: SECOND EDITION, FOUNDATIONS OF EPIDEMIOLOGY BY LILIENFELD AND LILIENFELD, OXFORD UNIVERSITY PRESS, 1980.

MR. NYHAN: WHAT IS THE QUESTION?

(RECORD READ.)

THE WITNESS: I BELIEVE THERE HAVE BEEN SUCH STUDIES, YES.

Q BY MR. KILBOURNE: DO YOU DISCOUNT THE USE OF SUCH STUDIES IN SHOWING ASSOCIATION BETWEEN SMOKING AND LUNG CANCER AND OTHER ALLEGED HEALTH HAZARDS WHICH ALLEGEDLY ARISE FROM THE USE OF TOBACCO PRODUCTS?

MR. NYHAN: LET ME OBJECT TO THE FORM OF THE QUESTION ON THE GROUNDS THAT IT APPARENTLY ASSUMES THAT THERE ARE SUCH STUDIES AND THERE HAS BEEN NO FOUNDATION LAID AS TO WHETHER THIS WITNESS HAS SEEN ANY ON THE STUDIES YOU APPARENTLY ARE REFERRING TO.

MR. KILBOURNE: YOU ARE INSTRUCTING HIM NOT TO ANSWER?

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MR. NYHAN: NO, I AM OBJECTING TO THE FORM OF THE QUESTION ON THE GROUND THAT THERE IS NO FOUNDATION, AND APPARENTLY ASSUMES THAT CERTAIN -- THAT CERTAIN STUDIES WERE MADE THAT HAVE NOT BEEN SHOWN TO THE WITNESS --

MR. KILBOURNE: LET ME WITHDRAW THE QUESTION MOMENTARILY AND REFER YOU BACK TO THE POSITION PAPER WHICH YOU IDENTIFIED AS THE ONE YOU SAW. I REFER TO PAGE 23, WHICH GOES ON THROUGH PAGE 39, WITH ARTICLE AFTER ARTICLE AFTER ARTICLE AFTER ARTICLE OF STUDIES BEGINNING WITH DOLL AND PETO, "CIGARETTE SMOKING AND BRONCHIAL CARCINOMA," "DOSE AND TIME RELATIONSHIP AMONG REGULAR SMOKERS AND LIFELONG NON-SMOKERS," PUBLISHED IN THE JOURNAL OF EPIDEMIOLOGICAL COMMUNITY HEALTH IN 1978, AND ENDING WITH THE 1981 SURGEON GENERAL'S REPORT FOOTNOTE 74.

NOW, YOU ARE AWARE --

MR. NYHAN: DO YOU WANT HIM TO LOOK AT THOSE REFERENCES YOU JUST MENTIONED?

MR. KILBOURNE: I THOUGHT HE SAID HE HAD SEEN THEM. HE SAW THIS REPORT. HE IS ENTITLED TO CERTAINLY LOOK AT THE REFERENCES.

THE WITNESS: ARE YOU ASKING ME IF I AM FAMILIAR WITH THESE REPORTS?

Q BY MR. KILBOURNE: NO.

A I AM NOT.

MR. NYHAN: WAIT FOR THE QUESTION.

Q BY MR. KILBOURNE: THOSE ARE THE REFERENCES WHICH WERE ATTACHED, WERE THEY NOT, TO THE POSITION PAPER WHICH YOU RECEIVED?

A I BELIEVE THEY ARE, YES.

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Q THIS IS THE POSITION PAPER WHICH WAS PRODUCED AND DISTRIBUTED IN-HOUSE AT R.J. REYNOLDS TOBACCO COMPANY?

A YES.

Q COULD WE THEN SAFELY ASSUME THAT SOMEONE IN R.J. REYNOLDS IS FAMILIAR WITH THESE ARTICLES? WHETHER OR NOT YOU ARE?

MR. NYHAN: ARE YOU REFERRING TO THE REFERENCES CITED IN THE PAPER THAT HAS BEEN PROVIDED, GEORGE, OR TO THE ACTUAL REFERENCES THEMSELVES?

MR. KILBOURNE: THE REFERENCES WHICH HAVE BEEN CITED IN THE PAPER. THESE ARE ONE AND THE SAME. THESE ARE THE REFERENCES, AND I SAMPLED THEM, AND THEY ARE THE ONES CITED IN THE PAPER.

MR. NYHAN: WHAT IS THE QUESTION?

Q BY MR. KILBOURNE: THAT IF WE CAN ASSUME AT THIS TIME THAT SOMEONE WITHIN R.J. REYNOLDS IN USING THESE REFERENCES HAD THE REFERENCES REFERRED TO? IS THAT YOUR UNDERSTANDING?

A I WOULDN'T KNOW WHO -- AS I TOLD YOU, I DON'T KNOW WHO PUT THAT PAPER OUT OR HOW FAMILIAR THEY ARE WITH THE REFERENCES. IF IT IS A COMPANY PAPER, SOMEBODY MAY BE FAMILIAR WITH IT. I AM NOT THAT PERSON.

Q YOU JUST HAVE NO IDEA WHO THAT PERSON IS OR HOW THIS WAS GENERATED?

A NO.

Q WHEN DID IT FIRST COME TO YOUR ATTENTION THAT THERE WAS ALLEGATION MADE OF A POTENTIAL HEALTH HAZARD IN THE USE OF CIGARETTES?

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A I HAVE BEEN HEARING THOSE KINDS OF ALLEGATIONS EVER SINCE I WAS A KID.

Q TO YOUR KNOWLEDGE, WAS THERE EVER ANY CHANGE IN THE POLICY RELATING TO ADVERTISING IN R.J. REYNOLDS TOBACCO COMPANY AS A RESULT OF THIS ALLEGATION?

A NOT TO MY KNOWLEDGE.

Q WAS THERE EVER ANY CHANGE IN THE ADS DONE EITHER IN-HOUSE OR THROUGH AN AGENCY AS A RESULT OF THIS ALLEGATION?

A NOT THAT I AM AWARE OF.

Q DO YOU DO IN CONDUCTING ADVERTISING ALL OF YOUR FORMULATION OF ADVERTISING IN-HOUSE OR DO YOU RELY ON AGENCIES FOR SOME OF IT?

A WE RELY ON AGENCIES.

Q WHICH ONES DO YOU USE?

A LET ME SEE IF I CAN REMEMBER THEM. WILLIAM ESTEY COMPANY.

Q WHERE ARE THEY LOCATED?

A NEW YORK. LIEBER KATZ PARTNERS.

Q LOCATED?

A NEW YORK.

MC CANN ERICKSON, ALSO NEW YORK. TED BATES, NEW YORK. TATHAM, LAIRD & KUDNER IN CHICAGO, AND LONG~~HAMS~~ HAYMES & CARR, IN WINSTON-SALEM.

Q HAVE THOSE STAYED PRETTY MUCH THE SAME OVER THE YEARS?

MR. NYHAN: YOU MEAN HAS -- I OBJECT TO THE FORM OF THE QUESTION. I GUESS IT IS NOT CLEAR.

Q BY MR. KILBOURNE: HAVE YOU USED THE SAME

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AGENCIES PRETTY MUCH OVER THE TIME YOU HAVE BEEN WITH THE COMPANY?

A NOT ALL OF THEM. NO.

Q IS THERE ONE THAT IS USED MORE THAN THE OTHERS?

A WHEN YOU SAY USED MORE, HOW DO YOU DEFINE USED MORE?

Q DOLLAR VOLUME OR HOWEVER YOU COULD --

A I AM NOT FAMILIAR WITH WHAT THE CURRENT BILLINGS ARE, BECAUSE THAT IS NOT IN MY AREA. I KNOW WHAT AGENCIES HAVE WHAT BRANDS. BUT I DON'T KNOW WHAT THE BILLINGS ARE.

Q IT IS DONE BY BRAND, THEN?

A THAT'S CORRECT.

Q CAN YOU IDENTIFY WHICH OF THOSE ARE RELATED TO WHICH BRAND?

A YOU WANT ME TO TELL YOU WHICH BRAND IS ASSIGNED TO WHICH AGENCY?

Q YES.

A WINSTON AND SALEM ARE ASSIGNED TO WILLIAM ESTE. CAMEL IS ASSIGNED TO MC CANN ERICKSON. VANTAGE IS ASSIGNED TO LIEBER KATZ. MORE IS ASSIGNED TO LIEBER KATZ. NOW IS ASSIGNED TO LIEBER KATZ. STERLING IS ASSIGNED TO TED BATES. CENTURY IS ASSIGNED TO TATHAM, LAIRD & KUDNER. DORAL IS ASSIGNED TO LONG~~HAMS~~ HAYNES & CARR.

Q HAVE THOSE ASSIGNMENTS REMAINED SUBSTANTIALLY THE SAME SINCE YOU HAVE BEEN WITH THE COMPANY?

A WINSTON -- NO, I WOULD SAY WINSTON HAS CHANGED. SOME OF THEM HAVE AND SOME OF THEM HAVEN'T. YOU KNOW, I WOULD HAVE TO GO THROUGH IT BRAND BY BRAND.

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Q OUT OF THOSE, IS WINSTON THE LARGEST VOLUME?
A CORRECT.
Q HAS THAT ONE CHANGED?
A WINSTON CHANGED -- THEY STARTED AT WILLIAM ESTEY AND WENT TO DANCER, FITZGERALD, SAMPLE AND WENT BACK TO WILLIAM ESTEY SINCE I HAVE BEEN WITH THE COMPANY.
Q WHO HAS THE DIRECT CONTACT WITH THE AGENCIES WITHIN THE ORGANIZATION? DO YOU OR DOES SOMEONE ELSE?
A IT IS A DIFFERENT DEPARTMENT.
Q WHO IS THE HEAD OF THAT DEPARTMENT?
A THERE ARE ACTUALLY TWO DEPARTMENTS.
Q LET'S LOOK SPECIFICALLY AT WINSTON. SINCE THAT IS THE LARGEST VOLUME.
MR. NYHAN: WELL, WHAT DO YOU MEAN BY VOLUME?
MR. KILBOURNE: DOLLAR VOLUME OR DOLLARS SPENT FOR ADVERTISING.
MR. NYHAN: AT WHAT POINT IN TIME ARE YOU REFERRING TO?
MR. KILBOURNE: I WAS LOOKING AT THE PRESENT, BUT I WOULD BE INTERESTED IN EVEN BEFORE HE WAS WITH THE COMPANY IF HE HAD ANY IDEA RELATED TO THAT. IT HAS OBVIOUSLY CHANGED OVER THE YEARS.
THE WITNESS: I THINK I LOST THE QUESTION IN THE PROCESS OF THAT DISCUSSION. WILL YOU REPEAT.
Q BY MR. KILBOURNE: DIRECTING YOUR ATTENTION TO WINSTON ALONE, I ASKED WHO SPECIFICALLY WOULD HAVE THE INFORMATION RELATING TO THE CONTACT WITH THE ADVERTISING AGENCY?
A THE PRIMARY CONTACT FOR THE AGENCY WOULD BE THE

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BRAND MANAGER FOR THAT PARTICULAR BRAND.

Q WHO IS THE BRAND MANAGER FOR WINSTON?

A RICHARD SANDERS.

Q HOW LONG HAS HE BEEN THE BRAND MANAGER?

A I DON'T KNOW EXACTLY HOW LONG. IT HAS BEEN THREE YEARS, MAYBE.

Q DO YOU HAVE ANY FEEDBACK OR FEED-IN, I SHOULD ASK, TO THE FORMULATION OF AN AD CAMPAIGN?

A I AM NOT SURE I KNOW WHAT YOU MEAN BY THAT.

Q WELL, AFTER IT IS DECIDED TO GO TO AN AD AGENCY AND CONDUCT AN ADVERTISING CAMPAIGN, ARE YOU INVOLVED IN THAT PROCESS AFTER THIS DECISION IS MADE? THE ACTUAL CONTACT ITSELF.

A AM I PERSONALLY?

Q YES.. OR YOUR DEPARTMENT.

A WE PARTICIPATE IN THE DEVELOPMENT OF THE CAMPAIGN BY HELPING ASCERTAIN WHAT THE CONSUMER WANTS AND WE DON'T ACTUALLY DEVELOP THE ADVERTISING THAT SPEAKS TO THAT. THE AGENCY DOES THAT. IN TERMS OF TESTING THE ADVERTISING WITH CONSUMERS, ONCE A CAMPAIGN IS DEVELOPED, THAT IS SOMETHING WE ARE VERY MUCH INVOLVED IN.

Q WHO WOULD ACTUALLY THEN BE INVOLVED IN, SAY, DETERMINING THE DIRECTION THAT AN AD CAMPAIGN IS GOING TO GO? FOR INSTANCE, WHO WOULD DETERMINE WHETHER OR NOT IT WOULD BE DIRECTED TOWARDS WOMEN OR TOWARDS YOUNG MACHO MALES OR SOMETHING OF THAT NATURE? HOW IS THAT DONE?

A THAT IS A JOINT EFFORT BETWEEN THE BRAND MANAGEMENT PEOPLE AND OUR PEOPLE.

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Q IS THERE AT THAT POINT WRITTEN COMMUNICATION BETWEEN YOU AS AN ANALYSIS AS TO HOW THE AD CAMPAIGN IS TO BE DIRECTED?

MR. NYHAN: ARE YOU TALKING OF THINGS THAT ARE DONE PRESENTLY?

MR. KILBOURNE: YES.

THE WITNESS: YES, THERE WOULD BE. THERE WOULD BE CORRESPONDENCE ON THE SUBJECT.

Q BY MR. KILBOURNE: WHO WOULD BE THE CUSTODIAN OF THE CORRESPONDENCE IN A GIVEN SITUATION RELATING TO, SAY, WINSTON?

A WINSTON BRAND MANAGER, WINSTON BRAND RESEARCH MANAGER.

Q DO YOU KNOW HOW LONG IT HAS BEEN A PRACTICE IN THE COMPANY TO REDUCE THIS OR TO MEMORIALIZE THIS IN THE FORM OF A WRITING?

A NO. I COULDN'T REALLY SAY. THERE HAS BEEN COMMUNICATION OF THAT SORT BEEN GOING ON SINCE I HAVE BEEN WITH THE COMPANY, BUT HOW MUCH PRIOR TO THAT IT WENT ON, I DON'T KNOW.

Q CAN YOU GIVE ME AN IDEA OF HOW YOU WOULD ACTUALLY GO ABOUT FORMULATING AN AD CAMPAIGN?

A YOU DETERMINE WHO YOU WANT TO DIRECT A CAMPAIGN TOWARD. YOU WOULD DETERMINE WHAT THOSE SMOKERS WERE LOOKING FOR IN A CIGARETTE BRAND, AND THEN YOU WOULD ASK THE AGENCY TO DEVELOP ADVERTISING THAT COMMUNICATED THAT MESSAGE. THEN YOU GO OUT AND TEST TO FIND OUT WHETHER YOUR COMMUNICATION EFFECTIVELY DID THAT.

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Q SO THAT YOU THEN, IF I UNDERSTAND THE PROCESS, YOU FIRST DETERMINE YOUR TARGET, THEN YOU FORMULATE A CAMPAIGN DIRECTED TOWARDS THE TARGET, THEN YOU CARRY OUT THE CAMPAIGN, AND THEN YOU TEST; A FOUR-PART PROCESS?

MR. NYHAN: WELL, I AM GOING TO OBJECT TO THE QUESTION TO THE EXTENT THAT IT CHARACTERIZES HIS TESTIMONY. HE SAYS HE -- HE HAS DESCRIBED THE PROCESS. IS THERE A QUESTION PENDING REGARDING THE PROCESS NOW?

MR. KILBOURNE: I AM TRYING TO SEE IF I UNDERSTAND CORRECTLY BY RESTATING THE PROCESS ITSELF. IT IS A FOUR-PART PROCESS.

Q IS THAT BASICALLY WHAT IS INVOLVED?

A WHAT IS BASICALLY INVOLVED IS WHAT YOU JUST SAID. I DON'T RECALL HOW MANY PIECES THERE WERE.

Q AS A MATTER OF POLICY, HOW DO YOU DETERMINE THE DIRECTION OF THE CAMPAIGN INITIALLY?

A INITIALLY WE ATTEMPT TO DETERMINE WHAT IT IS THE CONSUMER WANTS IN A CIGARETTE BRAND.

Q WELL, DO YOU AT THAT POINT ATTEMPT TO ASCERTAIN A SPECIFIC GROUP OF CONSUMERS TOWARDS WHICH YOU ARE GOING TO DIRECT YOUR ADVERTISING?

A WE DON'T IN FACT TRY TO HAVE ALL OF OUR BRANDS APPEAL TO ALL SMOKERS. WE HAVE SEVERAL BRANDS, AS YOU ARE AWARE, AND EACH OF THOSE BRANDS ATTEMPTS TO OFFER THE CONSUMER SOMETHING A LITTLE DIFFERENT. SO WE DON'T TRY TO BE ALL THINGS TO ALL PEOPLE.

Q MY QUESTION IS IN ATTEMPTING TO FORMULATE AN ADVERTISING CAMPAIGN FOR A PARTICULAR BRAND, DO YOU ATTEMPT TO

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ASCERTAIN INITIALLY WHAT PORTION OF THE GENERAL PUBLIC YOU WANT TO DIRECT THAT CAMPAIGN TOWARDS THE TARGET GROUP, SO TO SPEAK?

A YES, THAT IS VERY IMPORTANT.

Q WHY IS THAT IMPORTANT?

A BECAUSE UNLESS WE IDENTIFY WHO THE GROUP IS, THERE IS NO WAY FOR US TO FIND OUT WHAT THEY ARE LOOKING FOR IN A CIGARETTE BRAND.

Q EXACTLY. ONCE YOU IDENTIFY THAT GROUP AND DIRECT IT TOWARDS THEM, MY QUESTION FIRST OF ALL WAS, WHAT ARE THE FACTORS THAT ENTER INTO IDENTIFYING THAT PARTICULAR GROUP?

A WELL, WE ARE CERTAINLY INTERESTED IN APPEALING TO THE CURRENT SMOKERS OF THE BRAND. WE ARE ALSO INTERESTED IN GETTING BUSINESS FROM THAT BRAND'S COMPETITORS. IN THE CASE OF WINSTON, WE WOULD BE INTERESTED IN DIRECTING OUR ADVERTISING TO THOSE PEOPLE CURRENTLY SMOKING WINSTON PLUS THOSE PEOPLE WHO SMOKE WINSTON'S COMPETITOR. WE CAN IDENTIFY WHO THOSE PEOPLE ARE.

Q THIS WOULD HAVE BEEN DONE, WOULD IT NOT, THROUGH RESEARCH THROUGH YOUR DEPARTMENT?

A YES.

Q SO THAT YOU WOULD THEN HAVE IDENTIFIED THE DIRECTION AND TARGET GROUP.

NOW, IN MAKING THE DECISION AND THE SELECTION OF THAT TARGET GROUP, WOULD HEALTH CONSIDERATIONS BE TAKEN INTO CONSIDERATION?

A NO.

Q THE DIRECTION, THEN, WOULD BE FROM A PURELY

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STATISTICAL STANDPOINT ON INCREASING SALES, WOULD IT?

A THE OBJECTIVE WOULD BE TO INCREASE SALES, IS THAT WHAT YOU SAID?

Q YES.

A THAT IS THE PURPOSE OF ADVERTISING.

Q RIGHT. SO THAT THEN YOU WOULD BE ASKING THE ADVERTISING AGENCY TO DIRECT TO THE IDENTIFIED GROUP WITH THE OBJECTIVE THE INCREASE OF SALES.

A HOPEFULLY.

Q HOPEFULLY?

A IT DOESN'T ALWAYS WORK THAT WAY.

Q HOW DO YOU MAKE THE DECISION OF HOW MUCH MONEY TO SPEND OR THE COST ALLOCATION WHICH IS MADE TO BACK UP THE ADVERTISING CAMPAIGN DIRECTED TOWARDS THIS TARGET GROUP?

A I AM NOT INVOLVED IN THAT.

Q WHO IS INVOLVED IN IT?

A MARKETING DEPARTMENT.

Q WHO IN THE MARKETING DEPARTMENT AND HOW DO THEY GO ABOUT THE PROCESS ITSELF?

A THAT IS TWO QUESTIONS.

Q RIGHT.

MR. NYHAN: WELL, LET'S TAKE THEM ONE AT A TIME, THEN.

Q BY MR. KILBOURNE: FIRST OF ALL, WHO IS RESPONSIBLE FOR MAKING OR CARRYING OUT THE PROCESS BY WHICH THE COST ALLOCATION IS MADE? I ASSUME IT IS DONE BY MORE THAN ONE PERSON WITH FEED-IN FROM SEVERAL AREAS.

MR. NYHAN: WHAT IS THE QUESTION?

Q BY MR. KILBOURNE: WHO IS THE PERSON CHARGED WITH

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CARRYING OUT THIS RESPONSIBILITY OF MARKETING COST ALLOCATION?

A VICE-PRESIDENT OF BRAND MARKETING.

Q WHO IS --

A MARTIN ORLOWSKY.

Q HE HAS A GROUP, DOES HE, WHICH ASSISTS HIM?

A YES.

Q IS THERE A SPECIFIC OFFICE WITHIN MARKETING WHICH IS RESPONSIBLE FOR CARRYING OUT THIS PROCESS?

A SOMETHING THAT WOULD BE RECOMMENDED BY THE BRAND MANAGER.

Q IS THE VICE-PRESIDENT IN CHARGE OF MARKETING THEN OVER ALL THE BRAND MANAGERS?

A INDIRECTLY.

Q WHO DO THEY REPORT TO?

A THEY REPORT TO MARKETING DIRECTORS.

Q AND THE MARKETING DIRECTORS ARE WHERE WITH RESPECT TO THE VICE-PRESIDENT IN CHARGE OF MARKETING?

A THEY REPORT TO HIM.

Q DO YOU HAVE A MARKETING DIRECTOR OVER EACH BRAND MANAGER?

A YES.

Q I AM NOT SURE I GOT THE STRUCTURE. IF YOU CAN GIVE ME AN IDEA OF HOW THE STRUCTURE OF THAT DEPARTMENT IS, IF YOU KNOW.

A THERE IS AN INTERMEDIATE LEVEL. THE BRAND MANAGERS, GROUPS OF BRAND MANAGERS REPORT TO A MARKETING DIRECTOR WHO REPORTS TO THE VICE-PRESIDENT OF BRAND MARKETING.

Q THERE IS ONLY ONE MARKETING MANAGER, THOUGH, IS

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THERE, OR IS THERE ONE FOR EACH BRAND?

A A BRAND MANAGER FOR EACH BRAND.

Q THE MARKETING DIRECTOR FOR ALL OF THE BRAND MANAGERS --

A THERE IS A MARKETING -- THREE MARKETING DIRECTORS, AND EACH ONE OF THOSE HAS A CERTAIN NUMBER OF BRAND MANAGERS REPORTING TO HIM.

Q HOW IS THE DECISION MADE, THEN, ON WHAT THE DIRECTION IS TOWARDS WHICH THE ADVERTISING IS DIRECTED?

A THE BRAND MANAGER MAKES A RECOMMENDATION TO HIS MANAGEMENT, AND THEY EVALUATE IT AND MAKE A DECISION.

Q DO YOU KNOW OF ANY MAJOR SHIFTS IN POLICY IN THE PAST TEN YEARS ON THE DIRECTION OF ADVERTISING?

A WHAT DO YOU MEAN BY SHIFTS IN POLICY?

Q DIFFERENT TARGET GROUPS, DIFFERENT EMPHASIS, ANYTHING OF THAT NATURE.

A THAT IS A VERY BROAD QUESTION. CAN YOU BE A LITTLE MORE SPECIFIC?

Q I DON'T KNOW HOW TO ASK IT WITHOUT BEING BROAD UNTIL I GET SOMETHING TO GO ON.

THE PROCESS ITSELF, WHAT I AM TRYING TO DETERMINE, IS WHAT IS THE PROCESS BY WHICH THE DIRECTION OF ADVERTISING IS FORMULATED? AND IF THERE HAVE BEEN ANY POLICY CONSIDERATIONS WHICH YOU ARE AWARE OF WHICH HAVE CAUSED MAJOR SHIFTS IN TARGET GROUPS FOR ADVERTISING.

MR. NYHAN: IS THERE A QUESTION WITHIN THAT STATEMENT?

MR. KILBOURNE: YES, TO IDENTIFY --

MR. NYHAN: SO WHAT IS THE QUESTION NOW?

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Q BY MR. KILBOURNE: IF THERE ARE ANY MAJOR SHIFTS IN POLICY IN THE LAST TEN YEARS.

A THE ONLY ONE THAT COMES TO MIND IS ON OUR MORE BRAND. WE CHANGED THE EMPHASIS ON MORE TO HIT MORE DIRECTLY TO FEMALE SMOKERS AS OPPOSED TO SMOKERS OF BOTH SEXES, IF THAT IS WHAT YOU MEAN BY CHANGE IN TARGET.

Q HAVE HEALTH CONSIDERATIONS EVER BEEN GIVEN AS A REASON FOR OR AN INDUCEMENT FOR CHANGING THE DIRECTION, TO YOUR KNOWLEDGE?

A NO. NOT TO MY KNOWLEDGE.

Q AS TO UNFILTERED CIGARETTES, WHERE DO CAMELS NOW RANK IN SALES?

A CAMEL NON-FILTERED CIGARETTES?

Q NON-FILTER, YES.

A I REALLY DON'T KNOW. I WOULD HAVE TO LOOK IT UP.

Q MY OLD STANOBY. OLD JOE.

A I DON'T KNOW EXACTLY WHAT THEIR RANKING IS, GEORGE. THERE ARE OVER 200 DIFFERENT BRAND STYLES, AND I CAN'T KEEP THAT UP IN MY HEAD.

Q DO YOU KNOW WHETHER OR NOT THERE WAS ANY IMPACT ON SALES AFTER THE 1964 REPORT RELATING TO THE UNFILTERED -- 1964 SURGEON GENERAL'S REPORT?

A CAN YOU REPEAT THAT?

Q IF THE PUBLICATION OF THAT REPORT HAD ANY IMPACT ON THE SALES OF UNFILTERED CIGARETTES.

A I REALLY DON'T RECALL. THAT WAS BEFORE MY TIME.

Q WELL, ARE YOU AWARE OF ANY PUBLICITY RELATING TO THE SURGEON GENERAL'S REPORTS IN RECENT YEARS WHICH IS THOUGHT

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WITHIN THE COMPANY TO HAVE HAD AN IMPACT ON THE SALES OF UNFILTERED CIGARETTES?

A NOT THAT I RECALL.

Q HAS THERE BEEN ANY DISCUSSION TO YOUR KNOWLEDGE ABOUT WHETHER OR NOT THIS HAS OCCURRED?

A NOT THAT I CAN REMEMBER.

Q HAS ANYTHING COME TO YOUR ATTENTION -- I REALIZE THIS IS BEFORE YOU WERE CONNECTED WITH THE COMPANY, BUT HAS ANYTHING COME TO YOUR ATTENTION RELATING TO THE POLICIES DURING WORLD WAR II ON THE DIRECTION OF ADVERTISING AS TO WHAT GROUP IT WAS TARGETED TOWARDS?

A NO.

Q DO YOU HAVE ANY KNOWLEDGE WHATSOEVER AS TO WHETHER OR NOT THE PROCESS WHICH WE HAVE DISCUSSED BEFORE WAS USED PRIOR TO AND DURING WORLD WAR II FOR DETERMINATION OF GROUPS TOWARDS WHICH TO DIRECT ADVERTISING?

A I HAVE NO IDEA WHAT WAS GOING ON THEN.

Q NOTHING HAS BEEN BROUGHT TO YOUR ATTENTION SINCE THEN, SINCE YOU JOINED THE COMPANY, THAT WOULD RELATE TO THAT -- TO THE POLICIES AT THAT TIME?

A I DON'T KNOW WHAT THEY WERE DOING.

Q ARE YOU AWARE OF ANY WRITINGS IN THE COMPANY WHICH WOULD GIVE A HISTORY OF OR A DIRECTION TO WHAT THE GROUPS TOWARDS WHICH CIGARETTE SMOKING WAS TARGETED WERE AT THAT TIME FOR ADVERTISING PURPOSES?

A I AM NOT AWARE OF ANY.

Q DO YOU KNOW OF ANYONE IN THE COMPANY WHO WHO WOULD HAVE SUCH KNOWLEDGE?

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A NO, I CAN'T THINK OF ANYBODY.

Q DO YOU KNOW OF ANY RECORDS IN THE COMPANY WHICH WOULD CONTAIN THE INFORMATION IN THIS AREA?

A NO.

Q ARE ANY RECORDS KEPT EITHER IN YOUR DEPARTMENT OR IN OTHER DEPARTMENTS WHICH RELATE TO THE FORMULATION OF THE ADVERTISING POLICY?

A DURING WORLD WAR II?

Q WELL, NOW AND IN THE PAST.

A I CAN'T SPEAK TO WHAT MIGHT HAVE HAPPENED DURING WORLD WAR II. AS I SAID, THE MARKETING DEPARTMENT WOULD HAVE ANYTHING THAT WOULD RELATE TO TODAY.

Q NOW, YOU INDICATED THAT YOU WERE AWARE THAT ALLEGATIONS HAD BEEN MADE THAT THERE WERE HEALTH HAZARDS ASSOCIATED WITH THE SMOKING OF CIGARETTES. HAS IT EVER COME TO YOUR ATTENTION THAT ALLEGATIONS HAVE BEEN MADE THAT CIGARETTES ARE ADDICTING?

A YES.

Q DO YOU KNOW WHETHER OR NOT ANY INVESTIGATION WAS EVER UNDERTAKEN BY THE COMPANY TO DETERMINE WHETHER OR NOT THIS WAS TRUE?

A NO.

Q DO YOU KNOW WHAT IF ANY INVESTIGATION WAS DONE BY THE COMPANY TO DETERMINE WHETHER OR NOT THE ALLEGATIONS OF HEALTH HAZARDS WERE TRUE?

A AS I SAID BEFORE, THE COMPANY CONTRIBUTES TO SCIENTIFIC RESEARCH TO HELP DETERMINE THE CAUSES OF DISEASE THAT HAS BEEN ASSOCIATED WITH SMOKING.

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MR. NYHAN: IS THIS A CONVENIENT TIME TO TAKE A BREAK?

MR. KILBOURNE: JUST ONE MORE QUESTION IN THIS AREA.

Q SPECIFICALLY MAYBE YOU KNOW AND MAYBE YOU DON'T, WHAT ALLEGED HAZARDS WERE INVOLVED IN MAKING THAT DETERMINATION -- IN SUCH A DETERMINATION? DO YOU KNOW?

MR. NYHAN: I DON'T UNDERSTAND THE QUESTION.

Q BY MR. KILBOURNE: LET ME COME BACK.

MR. NYHAN: YOU CAN GO INTO IT RIGHT NOW IF YOU WANT. WHAT WAS THE QUESTION?

Q BY MR. KILBOURNE: I WAS ASKING WITH RESPECT TO HEALTH HAZARDS WHAT HIS UNDERSTANDING WAS WITH RESPECT TO WHAT HAZARDS WERE INVOLVED. ALLEGEDLY INVOLVED.

A I AM STILL NOT SURE I UNDERSTAND THE QUESTION.

Q WELL, AT SOME TIME IN THE PAST IT HAS COME TO YOUR ATTENTION, HAS IT NOT, THAT IT HAS BEEN ALLEGED THAT THERE ARE HEALTH HAZARDS ASSOCIATED WITH CIGARETTE SMOKING?

A YES.

Q CAN YOU NAME WHAT YOUR UNDERSTANDING IS OF WHAT HEALTH HAZARDS HAVE COME TO YOUR ATTENTION, ALLEGED HEALTH HAZARDS HAVE COME TO YOUR ATTENTION?

A IT HAS BEEN ALLEGED THAT CIGARETTE SMOKING CAUSES CANCER AND HEART DISEASE, EMPHYSEMA. THOSE ARE THE ONES THAT COME IMMEDIATELY TO MIND.

Q IN CARRYING OUT THE RESEARCH ACTIVITIES THAT YOU HAVE REFERRED TO, DO YOU DO THIS WITH RESPECT TO TAKING INTO CONSIDERATION COMPARISONS RELATING TO FLAVOR OF THE CIGARETTE SMOKE?

A WHAT DO YOU MEAN BY FLAVOR?

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Q HOW IT TASTES. IS THAT ONE OF THE CONSIDERATIONS?

A HOW IT TASTES, DID YOU SAY?

Q HOW IT TASTES.

A YES.

Q HOW ABOUT THE USE OF ADDITIVES? OR IS THIS ONLY DONE INDIRECTLY AS IT CONTRIBUTES TO FLAVOR AND BURN CHARACTERISTICS?

A WE DON'T ATTEMPT TO MEASURE ANYTHING RELATIVE TO ADDITIVES.

Q DO YOU LEAVE THAT STRICTLY TO THE RESEARCH DEPARTMENT IN THE DEVELOPMENT OF THE PRODUCT?

A AS I SAID BEFORE, THE R&D DEPARTMENT DECIDES HOW TO MAKE THE CIGARETTES. WHAT WE MEASURE IS HOW CONSUMERS THINK IT TASTES, THE END RESULT.

Q IN THE USE OF ADDITIVES HAS IT EVER COME TO YOUR ATTENTION THAT THERE HAS BEEN ANY INVESTIGATION AS TO THE HAZARD POTENTIAL OF THE USE OF ADDITIVES?

A I BELIEVE SO.

Q CAN YOU GIVE ME SOME SPECIFIC EXAMPLES IN THAT REGARD?

A I CAN'T BE SPECIFIC. ALL I KNOW IS THAT THERE IS AN INTEREST ON THE PART OF SOMEONE, AND I CAN'T RECALL WHO, TO GET THE TOBACCO COMPANIES TO DISCLOSE WHAT THE INGREDIENTS ARE IN A CIGARETTE. I DON'T KNOW EXACTLY WHO THAT IS. THAT IS ABOUT ALL I KNOW.

Q I AM NOT SPEAKING OF THAT. I AM SPEAKING OF POTENTIAL HAZARDS ASSOCIATED WITH THE USE OF ANY OF THESE

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ADDITIVES, NOT THE ADDITIVES OR DISCLOSURE OF THE ADDITIVES THEMSELVES.

MR. NYHAN: ARE YOU ASKING WHETHER REYNOLDS CONDUCTS ANY SUCH INVESTIGATION? OR SOMEBODY OUTSIDE OF REYNOLDS?

MR. KILBOURNE: EITHER. IF THERE IS ANY ATTEMPT TO ASCERTAIN WHETHER OR NOT HAZARDS EXIST FROM THE USE OF ADDITIVES.

THE WITNESS: I DON'T KNOW.

Q BY MR. KILBOURNE: IN ANY EVENT, THAT ISN'T ONE OF THE THINGS THAT YOU DIRECTLY ARE CONCERNED WITH, ONLY AS IT MAY AFFECT INDIRECTLY THE FLAVOR, BURN CHARACTERISTICS, OF A PRODUCT WHICH HAS BEEN PLACED IN YOUR HAND FOR SAMPLING OR TESTING; IS THAT CORRECT?

(RECORD READ.)

MR. NYHAN: WHAT WAS THE QUESTION THERE?

Q BY MR. KILBOURNE: IS THAT TRUE?

MR. NYHAN: IS WHAT TRUE?

MR. KILBOURNE: THAT HE IS NOT DIRECTLY CONCERNED WITH THE HAZARD POTENTIAL OF A PARTICULAR ADDITIVE EXCEPT AS IT MAY AFFECT FLAVOR, BURN CHARACTERISTICS, AND OTHER THINGS WHICH MARKETING IS CONCERNED WITH.

MR. NYHAN: LET ME OBJECT TO THE FORM OF THE QUESTION ON THE GROUND THAT IT IS AMBIGUOUS. IT IS HARD TO FOLLOW.

Q BY MR. KILBOURNE: DO YOU FOLLOW IT?

A I DO FIND IT CONFUSING.

Q I WILL WITHDRAW IT AND ASK ANOTHER QUESTION.

IN YOUR MARKETING RESEARCH INVESTIGATION ARE YOU AT ANY TIME CONCERNED WITH THE SPECIFIC USE OF ADDITIVES?

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A IN WHAT SENSE?

Q WHERE YOU IDENTIFY THE ADDITIVE AS OPPOSED, NOW, TO THE EFFECT IT MAY HAVE ON BURN CHARACTERISTICS, FLAVOR, THINGS OF THAT NATURE?

A I THINK THE BEST WAY TO ANSWER YOUR QUESTION IS TO REPEAT WHAT I SAID THAT WE MEASURED IN THE COURSE OF OUR PRODUCT TESTING, WHICH IS THE OVERALL ACCEPTANCE AND HOW THE PRODUCT RATES ON SMOKING CHARACTERISTICS, SUCH AS RICH TASTE, SATISFYING, MILD, THE LANGUAGE THAT A CONSUMER WOULD BE EXPECTED TO EVALUATE A CIGARETTE BASED ON.

MR. NYHAN: I WOULD LIKE TO TAKE ANOTHER BREAK.

(RECESS.)

Q BY MR. KILBOURNE: HAS IT EVER COME TO YOUR ATTENTION THAT ASBESTOS HAS BEEN USED AT ANY TIME IN CIGARETTES?

A NO.

Q DO YOU KNOW WHETHER OR NOT THERE IS ANY ATTEMPT MADE TO CONTROL THE BURN RATE OF THE PAPER OR OF CIGARETTES?

A THAT IS OUT OF MY BAILIWICK.

Q HAS IT EVER BEEN BROUGHT TO YOUR ATTENTION IN YOUR CAPACITY AS VICE-PRESIDENT OF MARKETING RESEARCH THAT ONE OF THE CONSIDERATIONS THAT YOU MIGHT BE INTERESTED IN WOULD BE HOW A CIGARETTE BURNS, THE FACT THAT IT WOULD CONTINUE TO BURN WITHOUT HAVING TO BE RELIT LIKE THE OLD PIPE AND CIGAR SMOKERS ALWAYS HAD TO DO?

A CAN YOU REPEAT THE QUESTION.

Q LET ME REPHRASE IT. IS THE FACT THAT A CIGARETTE CONTINUES TO BURN OF ANY CONSIDERATION TO YOU FROM THE

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STANDPOINT OF MARKETING?

A THE FACT THAT IT CONTINUES TO BURN?

Q IF YOU DON'T SMOKE IT, THAT CIGARETTE THAT YOU HAD IN YOUR HAND, IF YOU LAID THAT IN THE ASH TRAY, IT WOULD CONTINUE TO BURN UNTIL IT BURNED UP?

A YES.

Q IS THAT EVER A DIRECTION OF INQUIRY IN THE MARKETING RESEARCH?

A IF IT BURNS TOO FAST THAT IS COMMENT THAT I THINK WE INCLUDE IN OUR PRODUCT TESTING.

Q HOW IS THAT CONTROLLED, THEN?

A I DON'T KNOW HOW THEY DO THAT.

Q IS THIS ONE OF THE THINGS THAT YOU WOULD REPORT TO R&D THAT EVER HAD BEEN A CRITICISM WHICH POSSIBLY NEEDED CORRECTING?

A POSSIBLY, YES.

Q IS IT EVER A CONCERN IN THE MARKETING RESEARCH AS TO THE DESIRABILITY OF KEEPING THE CIGARETTE BURNING SO THAT YOU DON'T HAVE TO RELIGHT IT IF IT IS PUT DOWN FOR A PERIOD OF TIME?

A I BELIEVE SO, YES.

Q WHY IS THAT?

A I BELIEVE ONE OF OUR BRANDS HAS A PROBLEM OF GOING OUT WHEN IT IS PUT DOWN, WHICH CONSUMERS DON'T LIKE.

Q IS IT CONSIDERED DESIRABLE, THEN, TO HAVE IT CONTINUE TO BURN ONCE IT IS LIT? UNTIL IT IS USED UP?

MR. NYHAN: YOU MEAN IS THAT WHAT THE CONSUMER PREFERS?

Q BY MR. KILBOURNE: IS IT ONE OF THE FACTORS OR AN

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ELEMENT, WHETHER THE CONSUMER PREFERS IT OR THE MANUFACTURER PREFERS IT BECAUSE IT BURNS UP ALL THE PRODUCT. THAT IS MY NEXT QUESTION.

A COULD YOU REPEAT THE PREVIOUS ONE.

Q IS IT CONSIDERED TO BE FROM THE MARKETING MANUFACTURING STANDPOINT A DESIRABLE CHARACTERISTIC THAT THE CIGARETTE CONTINUES TO BURN UNTIL IT IS CONSUMED?

A I DON'T KNOW THAT WE HAVE EVER TRIED TO ASCERTAIN THAT.

Q DO YOU KNOW WHETHER OR NOT THERE HAS EVER BEEN AN ATTEMPT TO ASCERTAIN WHAT THE EFFECT IS OF THE PRODUCTS OF COMBUSTION OF TOBACCO?

A AGAIN, THAT IS SOMETHING THAT IS OUT OF MY AREA. I WOULDN'T BE FAMILIAR WITH THAT.

Q WELL, NOW, IN YOUR AREA AS A MATTER OF MARKETING RESEARCH HAVE YOU EVER MADE INQUIRY INTO THE SO-CALLED SIDESTREAM EFFECTS OF SMOKING?

A WHAT DO YOU MEAN BY SIDESTREAM EFFECTS?

Q HOW IT AFFECTS OTHER PEOPLE WHO ARE CLOSE BY SOMEONE WHO SMOKES, CHILDREN IN A HOUSEHOLD, THE PEOPLE AT THE NEXT TABLE AT A RESTAURANT, THE REPORTER WHO DOESN'T SMOKE WHO IS SITTING NEXT TO YOU, WHO DOES, THAT TYPE OF THING?

A IT ANNOYS SOME PEOPLE.

Q HAVE YOU EVER CONDUCTED ANY MARKETING RESEARCH ON THE EFFECT OF THAT ANNOYANCE OR THE DESIRABILITY OF NOT NOT HAVING CIGARETTES ANNOY PEOPLE? IS IT EVER A CONSIDERATION IN YOUR MARKETING RESEARCH?

A I BELIEVE WE HAVE ASCERTAINED THAT IT IS AN

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ANNOYANCE TO SOME PEOPLE.

Q WAS THERE ANY ACTION TAKEN IN MARKETING RESEARCH WHEN -- FIRST OF ALL, DID IT COME TO YOUR ATTENTION THAT THERE WAS AN ORDINANCE PROPOSED ON THE BALLOT IN SAN FRANCISCO TO PROHIBIT SMOKING IN PUBLIC PLACES? DID THAT COME TO YOUR ATTENTION?

A YES.

Q HOW DID IT COME TO YOUR ATTENTION?

A I READ ABOUT IT IN THE NEWSPAPER.

Q WAS THERE ANYTHING WITHIN THE COMPANY THAT DIRECTED YOUR ATTENTION TO IT?

A THE ONLY THING I REMEMBER IS READING ABOUT IT IN THE MEDIA.

Q NOTHING FROM WITHIN THE COMPANY AS TO POLICY OR CONCERN OR RESEARCH OR QUESTIONING, ANYTHING OF THAT NATURE THAT OCCURRED AS A RESULT OF IT?

A NOT THAT I RECALL.

Q WAS THERE ANYTHING THAT CAME TO YOUR ATTENTION FROM THE TOBACCO INSTITUTE AS A RESULT OF THAT INCIDENT?

A I BELIEVE THAT LEGISLATION WAS COMMENTED ON IN THE TOBACCO INSTITUTE NEWSLETTER THAT I REFERRED TO EARLIER.

Q WAS THAT THE ONLY THING WHICH YOU HAVE SEEN OTHER THAN READING ABOUT IT IN THE NEWSPAPER?

A THE ONLY THING I REMEMBER SEEING.

Q DO YOU KNOW WHETHER OR NOT R.J. REYNOLDS EMPLOYS LOBBYISTS DIRECTLY?

MR. NYHAN: I AM GOING TO OBJECT TO THE FORM OF THE QUESTION. WHY DON'T YOU DEFINE WHAT YOU MEAN BY A LOBBYIST.

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Q BY MR. KILBOURNE: DO YOU KNOW WHAT A LOBBYIST IS?

A I THINK I DO.

Q ALL RIGHT. DO YOU UNDERSTAND IT TO BE SOMEONE WHO ATTEMPTS TO INFLUENCE LEGISLATION?

A YES.

Q IN THAT SENSE?

A YES.

Q DO YOU KNOW WHETHER OR NOT R.J. REYNOLDS EMPLOYS LOBBYISTS DIRECTLY OR DO THEY ALWAYS OPERATE THROUGH THE TOBACCO INSTITUTE?

A WE HAVE A DIRECTOR OF PUBLIC AFFAIRS. I DON'T KNOW IF HE IS WHAT YOU WOULD CALL A LOBBYIST.

Q WHAT IS HIS NAME?

A PAUL BERGSTROM.

Q LOCATED IN WINSTON-SALEM?

A YES.

Q DO YOU KNOW WHETHER OR NOT THERE IS ANYONE IN THE COMPANY WHOSE RESPONSIBILITY IT IS TO HAVE CONTACT WITH THE FEDERAL TRADE COMMISSION?

A I DON'T KNOW.

Q I UNDERSTAND, AND I WOULD REPRESENT TO YOU THAT IS INFORMATION WHICH I HAVE RECEIVED, IN THE PAST BROWN AND WILLIAMSON TOBACCO COMPANY WAS REQUIRED TO DEPOSIT SEVERAL HUNDRED THOUSAND DOCUMENTS WITH THE FEDERAL TRADE COMMISSION CONCERNING INQUIRIES INTO HEALTH HAZARDS ALLEGEDLY ASSOCIATED WITH SMOKING. ARE YOU AWARE OF OR DO YOU HAVE ANY INFORMATION PERTAINING TO WHETHER OR NOT THAT OCCURRED?

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A I DON'T KNOW.
Q HAVE YOU EVER HEARD OF THAT BEFORE?
A NO.
Q DO YOU KNOW WHETHER OR NOT THERE HAVE EVER BEEN ANY STUDIES OR DOCUMENTS GENERATED IN-HOUSE RELATING TO ALLEGED HEALTH HAZARDS RELATING TO SMOKING?
MR. NYHAN: WITHIN BROWN AND WILLIAMSON?
Q BY MR. KILBOURNE: WITHIN REYNOLDS.
A HAVE THERE BEEN ANY DOCUMENTS CIRCULATED --
Q GENERATED IN-HOUSE. OTHER THAN THE POSITION PAPER WHICH WE HAVE DISCUSSED PREVIOUSLY.
A THE COMPANY'S POSITION ON THE --
Q NOT THE POSITION. BUT I AM ASKING SPECIFICALLY WITH RESPECT TO DOCUMENTS, GENERATION OF DOCUMENTS CONCERNING THE POSITION, NOT THE POSITION ITSELF.
A THIS PARTICULAR DOCUMENT IS NOT THE ONLY ONE THAT I HAVE SEEN THAT SETS FORTH THE COMPANY'S POSITION ON THE HEALTH HAZARDS OF -- THE ALLEGED HEALTH HAZARDS OF SMOKING.
Q ALL RIGHT. CAN YOU IDENTIFY FOR ME OTHER POSITION PAPERS, THEN, WHICH SET IT OUT?
A THE COMPANY HAS EVER SINCE I HAVE BEEN WITH THE COMPANY, PERIODICALLY CIRCULATED DOCUMENTS SETTING FORTH ITS POSITION ON THE SMOKING AND HEALTH CONTROVERSY. THIS IS NOT THE FIRST TIME ANY SUCH DOCUMENT RELATING TO THE COMPANY'S POSITION HAS BEEN CIRCULATED. AS TO WHAT AND WHERE THOSE DOCUMENTS ARE, I CAN'T TELL YOU. THE COMPANY HAS -- AS I SAID, EVER SINCE I HAVE BEEN THERE, IT HAS MADE ITS POSITION TO ITS EMPLOYEES known SO THAT ITS EMPLOYEES WOULD UNDERSTAND THAT.

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Q WHO HAS GENERATED ANY OF THOSE THAT YOU ARE AWARE OF?

A I DON'T KNOW.

Q IS THERE A HOUSE ORGAN OF SOME KIND THAT GOES TO EMPLOYEES?

A YES.

Q WHAT IS THE NAME OF IT?

A CALLED "THE CARAVAN".

Q HAS THAT BEEN PUBLISHED -- DISSEMINATED FOR A PERIOD OF TIME, SEVERAL YEARS, TO THE EMPLOYEES?

A YES.

Q DOES IT CARRY IN IT THE POSITION FROM TIME TO TIME OF THE COMPANY ON THE CONTROVERSY RELATING TO HEALTH HAZARDS?

A I DON'T RECALL SPECIFICALLY, BUT IT MAY HAVE BEEN IN THERE ON ONE OCCASION OR ANOTHER.

Q CAN YOU GIVE ME ANY MORE INFORMATION FOR IDENTIFICATION PURPOSES AS TO WHO WOULD GENERATE THE POSITION PAPERS THAT YOU HAVE REFERRED TO? WOULD THERE BE SOME SPECIFIC DEPARTMENT THAT THIS CAME OUT OF?

A IT OBVIOUSLY COMES FROM SOMEWHERE, BUT I DON'T -- WITH RELATION TO THE DOCUMENT THAT WE DISCUSSED I DON'T KNOW WHO IT IS.

Q WHERE DO I START TO FIND THAT INFORMATION? DO I HAVE TO ASK MR. LONG?

A I REALLY DON'T KNOW.

MR. KILBOURNE: I THINK THAT IS ALL I HAVE AT THIS TIME.

MR. NYHAN: THAT CONCLUDES IT.

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WE WILL WAIVE THE COURT REPORTER'S RESPONSIBILITY TO MAINTAIN THE ORIGINAL OF THE DEPOSITION TRANSCRIPT AND WILL FURTHER WAIVE THE REQUIREMENT THAT THE WITNESS SIGN THE TRANSCRIPT IN THE PRESENCE OF THE COURT REPORTER, AND STIPULATE THAT IT MAY BE SIGNED IN THE PRESENCE OF ANY NOTARY.

MR. KILBOURNE: AND STIPULATE FURTHER THAT THE SAME STIPULATION APPLIES TO THE DEPOSITION YESTERDAY.

MR. NYHAN: ALL RIGHT.

MR. WORKMAN: SO STIPULATED FOR YESTERDAY.

MR. NYHAN: SO STIPULATED.

* * *

I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

EXECUTED THIS _____ DAY OF _____, 1984, AT _____, CALIFORNIA.

_____

LAWRENCE W. HALL, JR.

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